



RE: Landlord Consent to Sublease at 2301 Noisette Boulevard, North Charleston, SC 29405 ("Premises")

Dear Palmetto Railways:

This letter is in reference to the sublease dated September 26, 1996, as amended ("Lease"), between Palmetto Railways, as successor in interest to the prior authority and landlord ("Landlord") and Charleston Marine Containers, Inc. ("Tenant") for the Premises, which consists of approximately 193,440 square feet.

In accordance with the Lease, Tenant hereby gives Landlord written notice of Tenant's desire to sublease approximately 163,440 square feet of the Premises to Carver Maritime LLC ("Subtenant"). A copy of the current draft of the proposed sublease between Tenant and Subtenant ("Sublease") is attached hereto as Exhibit A.

By signing below, Landlord hereby consents to the Sublease substantially in the form attached hereto as Exhibit A, subject to modifications and final agreement by Subtenant and Tenant. Landlord also hereby acknowledges and agrees that the rent and other payments due to Tenant under the Sublease (less broker fees, expenses, operating costs, etc.) results in excess rent, such that Tenant shall pay Landlord \$49,166 every month to cover Tenant's rental obligations under the Lease and excess rent from the Sublease. Additionally, Landlord hereby acknowledges the Lease is in full force and effect, Tenant is not in default or breach of any provisions of the Lease, and any termination notices are withdrawn and void.

Thank you for your attention to this matter.

Sincerely,

Thomas Mills
Charleston Marine Containers, Inc.

ACKNOWLEDGED & AGREED

PALMETTO RAILWAYS

By:

Name:

Title:

Name: SHERI COOPER
Title: VP/CEO

Exhibit A

SUBLEASE AGREEMENT

THIS SUBLEASE ("**Sublease**"), dated as of July 25, 2017, is entered into by and between Carver Maritime LLC, a New York limited liability company ("**Subtenant**") and Charleston Marine Containers, Inc., a Delaware corporation ("**Sublandlord**").

RECITALS

A. Palmetto Railways ("**Landlord**"), as landlord, and Sublandlord, as tenant, entered into that certain lease dated September 26, 1996 (as amended, "**Lease**") covering premises described in the Lease consisting of approximately 193,440 square feet at 2301 Noisette Boulevard, North Charleston, SC 29405 ("**Leased Premises**"). All capitalized terms not defined herein shall have the definitions set forth in the Lease.

B. Subtenant desires to sublet the Sublease Premises (as defined below) from Sublandlord on the terms and conditions contained in this Sublease.

C. The Sublease shall be subject to and conditioned upon Landlord's written consent.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, Sublandlord and Subtenant agree as follows:

AGREEMENT

1. Basic Provisions.

1.1 Sublease Premises. The portion of the Leased Premises consisting of approximately 163,440 rentable square feet and surrounding 14.46 acres on which the premises are located "**Subleased Premises**", which Subleased Premises is more particularly identified on Exhibit A attached hereto.

(a) Subject to the terms and conditions hereof, Sublandlord hereby subleases to Subtenant and Subtenant hereby subleases from Sublandlord the Subleased Premises, for the Term (as hereinafter defined). Sublandlord and Subtenant acknowledge that this Sublease is subordinate to the Lease. Subtenant represents that it has had the opportunity to review the entire Lease as attached hereto as Exhibit B. Subtenant hereby accepts the sublease of the Sublease Premises in its "as is" condition and subject to the provisions of the Lease and all restrictions, covenants, easements, rights-of-way of record, if any, and applicable zoning regulations regulating the use of the Sublease Premises, and accepts this Sublease subject thereto and to all matters disclosed thereby. Sublandlord makes no and has made no representations or warranties with respect to the condition of the Sublease Premises or as to its suitability for the use or uses contemplated by Subtenant.

(b) Sublandlord and Subtenant acknowledge that this Sublease is conditioned upon the written consent of Landlord. Sublandlord will use reasonable efforts to obtain such written consent. Subtenant shall cooperate with Sublandlord's efforts and shall promptly provide

evidence of its financial condition and business experience, to the extent required to obtain such written consent.

(c) Sublandlord shall deliver to Subtenant access to and possession of the Sublease Premises as of the Start Date (as hereinafter defined).

(d) Subtenant and Sublandlord agree that Sublandlord shall remain in possession and use of the approximately 30,000 square feet of office space and warehouse space in the Leased Premises that Sublandlord currently occupies, as shown in Exhibit A.

1.2 Term. The term of the Sublease ("**Sublease Term**") shall commence on August 1, 2017 ("**Start Date**") and end at the expiration of the term of the Lease on August 31, 2021 ("**End Date**"). As of the End Date, Subtenant shall surrender the Sublease Premises to Sublandlord in as good condition and repair as on the Start Date, reasonable wear and tear excepted, in broom clean condition. Furthermore, Subtenant shall cause all of Subtenant's personal property and trade fixtures to be removed from the Sublease Premises as of the End Date and shall repair any damage caused by the removal thereof. Subtenant agrees that if Subtenant fails to surrender possession of the Sublease Premises on the End Date then, in addition to any payment of holdover rent, Subtenant shall be liable to Sublandlord for any and all losses, damages and expenses that Sublandlord suffers or incurs as a result of such failure to surrender possession of the Premises and Sublease Premises to Landlord under the terms of the Lease Agreement. Notwithstanding anything to the contrary contained herein, if for any reason the Lease shall expire or be terminated prior to the expiration of this Sublease, this Sublease shall expire and not continue for longer than the Lease.

1.3 Omitted.

1.4 Rent ("**Rent**"). The initial annual Rent shall be \$3.05 per square foot and shall be payable on a monthly basis (\$41,541 per month) on the first day of each month during the Sublease Term. Subtenant shall pay Rent to Sublandlord in lawful money of the United States, without offset or deduction, on or before the day on which it is due under the terms of this Sublease. Rent and all other rent and charges, for any period during the term hereof which is for less than one full month shall be prorated based upon the actual number of days of the month involved. Payment of Rent and other charges shall be made to Sublandlord at its address stated herein or to such other persons or at such other addresses as Sublandlord may from time to time designate in writing to Subtenant.

1.5 Taxes and Operating Expenses. Subtenant shall be responsible for and pay for its pro rata share of real estate taxes and operating expenses (including without limitation utilities) related to the Sublease Premises, subject to any increases in such real estate taxes or operating expenses. Subtenant's pro rata share shall mean the percentage determined by dividing the rentable square footage of the Sublease Premises (as of the Start Date, 163,440 RSF) by the total rentable square footage of Sublandlord in the Leased Premises (193,440 RSF) ($163,440/193,440 = 84\%$).

1.6 Security Deposit. Subtenant shall deposit with Sublandlord upon execution hereof the sum of Forty-one Thousand Five Hundred Forty-One Dollars (\$41,541) as

security for Subtenant's faithful performance of Subtenant's obligations hereunder (the "**Security Deposit**"). If Subtenant fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Sublease, Sublandlord may use, apply, or retain all or any portion of said deposit for the payment of any rent, or other charge in default, or for the payment of any other sum to which Sublandlord may become obligated by reason of Subtenant's default, or to compensate Sublandlord for any loss or damage which Sublandlord may suffer thereby. If Sublandlord so uses or applies all or any portion of said deposit, Subtenant shall, within ten (10) days after written demand therefore, deposit cash with Sublandlord in an amount sufficient to restore said deposit to the full amount hereinabove stated, and Subtenant's failure to do so shall be a breach of this Sublease and Sublandlord may at its option terminate this Sublease. Sublandlord shall not be required to keep said deposit separate from its general accounts. If Subtenant performs all of Subtenant's obligations hereunder, said deposit, or so much thereof as had not theretofore been applied by Sublandlord, shall be returned without payment of interest for its use to Subtenant (or at Sublandlord's option to the last assignee, if any, of Subtenant's interest hereunder), after Subtenant has vacated the Sublease Premises and requested the return of the Security Deposit in writing.

1.7 Permitted Use. Subtenant shall use and occupy the Sublease Premises only for such uses as permitted under applicable zoning laws and the terms of the Lease, which do not directly compete with Sublandlord's or its affiliates' business, and for no other purpose. Subtenant shall not use or permit the use of the Sublease Premises in a manner that is unlawful, creates waste or a nuisance, or that disturbs owners and/or occupants of, or causes damage to the Leased Premises, or neighboring premises or properties. Subtenant's use and occupancy of the Sublease Premises shall not subject the Sublease Premises to any use which would tend to damage any portion thereof or which may in any way cause any cancellation of any insurance policy covering the Leased Premises or any portion thereof.

1.8 Access to Sublease Premises. Subtenant shall have access to the Sublease Premises 24 hours per day, seven days per week.

1.9 Omitted.

1.10 Electricity & Other Utilities. Subtenant shall be responsible for ensuring its non-standard electricity usage for the Subleased Premises is separately metered, sub-metered or stipulated per calculation and agreement between Sublandlord and Subtenant and updated from time to time, such that Sublandlord shall be reimbursed by Subtenant for any non-standard electricity usage. Additionally, Subtenant shall be responsible for after-hours costs or separate HVAC systems that may be required for Subtenant's areas, including but not limited to information technology rooms or other secure areas. Overtime charges for HVAC shall be formulated on a direct cost basis.

1.11 Signage. Upon Landlord and Sublandlord's prior written consent, Subtenant may install signage (at Subtenant's cost) at the Sublease Premises in accordance with Landlord and Sublandlord's specifications.

1.12 Omitted.

1.13 Omitted.

1.14 Holdover. Subtenant shall vacate the Sublease Premises at the end of the Sublease Term. If Subtenant fails to vacate at such time there shall be payable to Sublandlord an amount equal to one hundred fifty percent (150%) of the Rent paid immediately prior to the holding over period for each month or part of a month (pro rated for any partial month) that Subtenant holds over, plus all other payments provided for herein, and the payment and acceptance of such payments shall not constitute an extension or renewal of this Sublease. In event of any such holdover, Sublandlord shall also be entitled to all remedies provided by law for the speedy eviction of tenants, and to the payment of all expenses and attorneys' fees incurred in connection therewith. Additionally, in the event of Subtenant's holdover, Subtenant shall be liable for and indemnify Sublandlord against any and all costs, penalties, liabilities and expenses incurred by Sublandlord under the Lease.

1.15 Application of Lease. As applied to this Sublease, the words, "**Landlord**" and "**Tenant**" in the Lease will be deemed to refer to Sublandlord and Subtenant, respectively under this Sublease. Except as otherwise provided in this Sublease, or except to the extent inconsistent herewith, the rights and obligations of Landlord and Tenant under the Lease will be deemed to be the rights and obligations of Sublandlord and Subtenant, respectively, under this Sublease, and will inure to the benefit of, and be binding on, Sublandlord and Subtenant, respectively. All provisions of the Lease shall apply to this Sublease unless specifically excluded or modified by this Sublease. Sublandlord has delivered to Subtenant a redacted copy of the Lease to Subtenant, and Subtenant acknowledges receipt of a copy of the Lease from Sublandlord, which such copy is attached hereto as Exhibit B.

2. Subleasing; Conditions.

2.1 Subleasing. Sublandlord hereby subleases to Subtenant and Subtenant hereby hires from Sublandlord the Sublease Premises for the Sublease Term, subject to the terms, covenants and conditions set forth herein and Landlord's consent. Subtenant covenants that, as a material part of the consideration for this Sublease, it shall keep and perform each and all of such terms, covenants and conditions by it to be kept and performed, and that this Sublease is made upon the condition of such performance. As it relates to the Sublease Premises, Subtenant assumes and agrees to perform the Tenant's obligations under the Lease during the Sublease Term, or as otherwise specifically set forth herein. Subtenant shall not commit or suffer any act or omission that will violate any legal requirement or any of the provisions of the Lease.

In order to afford to Subtenant the benefits of this Sublease and of those provisions of the Lease which by their nature are intended to benefit the party in possession of the Sublease Premises, and in order to protect Sublandlord against a default by Subtenant which might cause a default or event of default by Sublandlord under the Lease:

(a) Provided Subtenant shall timely pay all Rent when and as due under this Sublease, Sublandlord shall pay, when and as due, all base rent, additional rent and other charges payable by Sublandlord to Landlord under the Lease;

(b) Sublandlord shall perform its covenants and obligations under the Lease which do not require for their performance possession of the Sublease Premises and which are not otherwise to be performed hereunder by Subtenant on behalf of Sublandlord.

(c) Subtenant shall perform all affirmative covenants and shall refrain from performing any act which is prohibited by the negative covenants of the Lease, where the obligation to perform or refrain from performing is by its nature imposed upon the party in possession of the Sublease Premises. If practicable, Subtenant shall perform affirmative covenants which are also covenants of Sublandlord under the Lease at least five (5) days prior to the date when Sublandlord's performance is required under the Lease. Sublandlord shall have the right to enter the Sublease Premises to cure any default by Subtenant under this Sublease.

(d) Sublandlord shall have no duty to perform any obligations of Landlord which are, by their nature, the obligation of an owner or manager of real property. For example, Sublandlord shall not be required to provide the services or repairs which the Landlord is required to provide under the Lease. Sublandlord shall have no responsibility for or be liable to Subtenant for any default, failure or delay on the part of Landlord in the performance or observance by Landlord of any of its obligations under the Lease, nor shall such default by Landlord affect this Sublease or waive or defer the performance of any of Subtenant's obligations hereunder except to the extent that such default by Landlord excuses performance by Sublandlord, under the Lease. Notwithstanding the foregoing, the parties contemplate that Landlord shall, in fact, perform its obligations under the Lease and in the event of any default or failure of such performance by Landlord, Sublandlord agrees that it will, upon notice from Subtenant, make demand upon Landlord to perform its obligations under the Lease and, provided that Subtenant specifically agrees to pay all costs and expenses of Sublandlord and provides Sublandlord with security reasonably satisfactory to Sublandlord to pay such costs and expenses, Sublandlord will take appropriate legal action to enforce the Lease.

2.2 Acceptance of Premises.

(a) Subtenant accepts the Sublease Premises in an "as is" condition. Without limiting the foregoing, Subtenant's rights in the Sublease Premises are subject to all local, state and federal laws, regulations and ordinances governing and regulating the use and occupancy of the Sublease Premises and subject to all matters now or hereafter of record ("**Legal Requirements**"). Subtenant acknowledges that neither Sublandlord nor Sublandlord's agent has made any representation or warranty as to: (i) the present or future suitability of the Sublease Premises for the conduct of Subtenant's business; (ii) the physical condition of the Sublease Premises; (iii) the expenses of operation of the Sublease Premises; (iv) the safety of the Sublease Premises, whether for the use of Subtenant or any other person, including Subtenant's employees, agents, invitees or customers; the compliance of the Sublease Premises with any

applicable laws, regulations or ordinances; (v) or any other matter or thing affecting or related to the Sublease Premises.

(b) Subtenant acknowledges that no rights, easements or licenses are acquired by Subtenant by implication or otherwise except as expressly set forth herein. Subtenant will, prior to delivery of possession of the Sublease Premises, inspect the Sublease Premises and become thoroughly acquainted with their condition. Subtenant acknowledges that the taking of possession of the Sublease Premises by Subtenant will be conclusive evidence that: (i) it has inspected the Sublease Premises; (ii) it accepts the Sublease Premises; and (iii) the Sublease Premises are in good and sanitary order and satisfactory condition at the time such possession was taken.

3. Lease.

3.1 Performance Directly to Landlord. At any time and on reasonable prior notice to Subtenant, Sublandlord can elect to require Subtenant to perform its obligations under this Sublease directly to Landlord, in which event Subtenant will send to Sublandlord from time to time copies of all notices and other communications it will send to and receive from Landlord.

3.2 Landlord Default; Consents. Notwithstanding any provision of this Sublease to the contrary: (i) Sublandlord will not be liable or responsible in any way for any loss, damage, cost, expense, obligation or liability suffered by Subtenant by reason or as the result of any breach, default or failure to perform by the Landlord under the Lease; and (ii) whenever the consent or approval of Tenant, Subtenant, Sublandlord and Landlord is required for a particular act, event or transaction (a) any such consent or approval by Tenant, Subtenant and Sublandlord will be subject to the consent or approval of Landlord and (b) should Landlord refuse to grant such consent or approval, under all circumstances, Tenant, Subtenant and Sublandlord will be released from any obligation to grant its consent or approval.

3.3 Termination of Lease. If the Lease terminates under the provisions of the Lease, this Sublease will terminate, unless the Landlord elects to accept this Sublease as a direct lease between Landlord and Subtenant, and the parties will be relieved from all liabilities and obligations under this Sublease excepting obligations which have accrued as of the date of termination; except that if this Sublease terminates as a result of a default by Subtenant under this Sublease or the Lease, the Subtenant will be liable to the Sublandlord for all damage suffered by the non-defaulting party as a result of the termination.

3.4 Covenant Of Quiet Enjoyment. Subject to this Sublease terminating, if Subtenant performs all the provisions in this Sublease to be performed by Subtenant, Subtenant will have and enjoy throughout the Sublease Term the quiet and undisturbed possession of the Sublease Premises. Landlord and Sublandlord will have the right to enter the Sublease Premises at any time, in the case of an emergency, and otherwise at reasonable times, for the purpose of inspecting the condition of the Sublease Premises and for verifying compliance by Subtenant with this Sublease and the Lease and permitting Landlord and Sublandlord to perform their obligations under the Sublease and the Lease.

3.5 Compliance with Covenants, Restrictions and Building Code. Subtenant shall, at Subtenant's sole cost and expense, comply with all applicable laws and covenants and restrictions of record now in force, or which may hereafter be in force, pertaining to Subtenant's particular use of the Sublease Premises, including, without limitation, the costs and expenses of compliance of any of Subtenant's alterations, additions or improvements made by Subtenant to the Sublease Premises with all requirements of applicable laws and covenants and restrictions of record, and Subtenant shall secure any necessary permits therefor and shall faithfully observe, in the Subtenant's use of the Premises and Building, all applicable Legal Requirements which are now in force, or which may hereafter be in force.

4. Maintenance, Repairs, Utility Installations, Trade Fixtures and Alterations.

4.1 Subtenant's Obligations.

(a) Subtenant shall not commit or suffer any waste or damage to be committed on any portion of the Premises or Building and shall enforce reasonable workplace operating practices in order to reasonably reduce the likelihood of waste or damage to any portion of the Premises or Building, including, without limitation, all Building equipment and systems.

(b) Subtenant shall be responsible for maintaining the Subleased Premises' compliance with all applicable Legal Requirements, including but not limited to Americans with Disabilities Act requirements. Subtenant shall also be responsible for maintaining the Subleased Premises in good condition, reasonable wear and tear excepted.

(c) If Subtenant fails to perform Subtenant's obligations under this Section, Landlord and Sublandlord may enter upon the Subleased Premises after five (5) days' prior written notice to Subtenant (except in the case of an emergency, in which case no notice shall be required), and at Subtenant's expense, perform such obligations on Subtenant's behalf, and put the Sublease Premises in good order, condition and repair.

4.2 Utility Installations, Trade Fixtures, Alterations. The term "**Utility Installations**" is used in this Sublease to refer to all air lines, power panels, electrical distribution, security and fire protection systems, communications systems, lighting fixtures, heating, ventilating and air conditioning equipment, plumbing, and fencing in, on or about the Sublease Premises. The term "**Alterations**" shall mean any modification of the improvements on the Sublease Premises which are approved by Sublandlord and Landlord under the terms of this Sublease, other than Utility Installations or Subtenant's trade fixtures. Subtenant shall not make nor cause to be made any Alterations or Utility Installations in, on, under or about the Sublease Premises without Sublandlord's and Landlord's prior written consent and must be in compliance with all applicable local, state, and federal laws, regulations and ordinances and any other applicable requirements under the Lease. Subtenant shall reimburse Sublandlord for any actual out-of-pocket costs incurred (up to \$3,000 per Alteration plan) for engaging third parties to review any of Subtenant's proposed plans for Alterations.

5. Insurance; Indemnity.

5.1 Insurance. At all times during the Sublease Term, Subtenant will, at its sole cost, procure and maintain insurance coverage (but in no event less than the types and amounts of coverage required from time to time under the Lease when such Subtenant's coverage is combined with Sublandlord's insurance coverage of the Sublease Premises) naming Sublandlord, as well as Landlord, as an additional insured party in the manner required in the Lease. Subtenant shall provide Sublandlord and Landlord with insurance certificate of such other evidence of insurance as required by Sublandlord and Landlord.

5.2 Indemnity. Subtenant shall indemnify, defend (by counsel acceptable to Sublandlord in its sole discretion), protect and hold Sublandlord and Landlord harmless from and against any and all liabilities, claims, demands, losses, damages, costs and expenses (including attorneys' fees) arising out of or relating to: (i) the death of or injury to any person or damage to any property on or about the Sublease Premises; (ii) Subtenant's breach or default under this Sublease or, to the extent incorporated herein, the Lease; or (iii) the gross negligence or material misconduct of Subtenant or Subtenant's employees, contractors, invitees, customers or representatives. The foregoing shall include, but not be limited to, the defense or pursuit of any claim or any act on or proceeding involved therein, and whether or not (in the case of claims made against Sublandlord) litigated and/or reduced to judgment. In case any action or proceeding is brought against Sublandlord by reason of any of the foregoing matters, Subtenant, upon notice from Sublandlord, shall defend the same at Subtenant's expense by counsel reasonably satisfactory to Sublandlord and Landlord shall cooperate with Subtenant in such defense. Sublandlord need not have first paid any such claim in order to be so indemnified.

5.3 Exemption of Sublandlord from Liability. Unless caused by Sublandlord's gross negligence or material misconduct, Sublandlord shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Subtenant, Subtenant's employees, contractors, invitees, customers, or any other person in or about the Sublease Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether said injury or damage results from conditions arising upon the Sublease Premises or upon other portions of the Building of which the Sublease Premises are a part, from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is accessible or not. Sublandlord shall not be liable for any damages arising from any act or neglect of any other tenant of Sublandlord nor from the failure by Sublandlord to enforce the provisions of any other lease in the Leased Premises. To the extent permitted by law, Sublandlord shall under no circumstances be liable for injury to Subtenant's business or for any loss of income or profit therefrom.

6. Assignment and Subletting.

6.1 Terms and Conditions of Assignment. The terms and conditions of assignment and subletting shall be covered by the Lease. When the consent of Landlord is required thereunder, the consent of Sublandlord shall also be required. Sublandlord's consent to any assignment or sublease by Subtenant shall be in Sublandlord's sole discretion.

6.2 Consents. Any attempted assignment or subletting, without Sublandlord's consent shall be null and void and of no effect. No permitted assignment or subletting of Subtenant's interest in this Sublease will relieve Subtenant of its obligations to pay the rent or other sum or charge due hereunder and to perform all the other obligations to be performed by Subtenant hereunder. The acceptance of rent by Sublandlord from any other person shall not be deemed to be a waiver by Sublandlord of any provision of this Sublease or to be a consent to any subletting or assignment. Consent to one sublease or assignment shall not be deemed to constitute consent to any subsequent attempted subletting or assignment. Sublandlord, at Sublandlord's sole discretion, may refuse any Subtenant or Assignee which is a competitor of Sub landlord or is deemed financially unsuitable.

7. Breach by Sublandlord. Sublandlord shall not be deemed in breach of this Sublease unless Sublandlord fails within a reasonable time to perform an obligation required to be performed by Sublandlord.

8. Sublandlord's Recapture Option. Upon ninety (90) days' written notice, Sublandlord shall have a continuing right to recapture up to 100,000 square feet of the Sublease Premises, such that Subtenant's Subleased Premises Rent and other obligations shall be reduced in proportion to such recaptured space.

9. Notices.

9.1 Notice Requirements. All notices required or permitted by this Sublease shall be in writing and may be delivered in person (by hand or by messenger or courier service) or may be sent by certified or registered mail, return receipt requested, with postage prepaid, or nationally recognized overnight delivery service, or by facsimile transmission during normal business hours, and shall be deemed sufficiently given if served in a manner specified in this Section 8. The parties' addresses for notice shall be as follows:

Sublandlord: c/o Kratos Defense & Security Solutions,
Inc.
4820 Eastgate Mall, Suite 200
San Diego, CA 92121
Attn: General Counsel

Subtenant: Carver Maritime, LLC
1400 Pierside Street
Building 190 Suite D
Charleston, SC 29405

With a copy to:
Carver Companies
Attn: George D. McHugh, Esq.
494 Western Turnpike
Altamont, NY 12009

Either party may by written notice to the other specify a different address for notice purposes. A copy of all notices required or permitted to be given to Sublandlord hereunder shall be concurrently transmitted to Landlord at the address set forth in the Lease or such party or parties at such addresses as Sublandlord may from time to time hereafter designate by written notice to Tenant.

9.2 Date of Notice. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon; failure to accept delivery shall be deemed effective delivery. If sent by regular mail, the notice shall be deemed given forty-eight (48) hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by overnight courier that guarantees next day delivery shall be deemed given on the next business day. If any notice is transmitted by facsimile transmission or similar means, the same shall be deemed served or delivered upon telephone or facsimile confirmation of receipt of the transmission thereof, provided a copy is also delivered via personal delivery or mail. If notice is received on a Saturday or a Sunday or a legal holiday, it shall be deemed received on the next business day.

10. Miscellaneous.

10.1 Brokers. Sublandlord and Subtenant each warrant that they have dealt with no real estate broker(s) ("**Broker(s)**") in connection with this transaction, and that no commissions shall be owed to or claimed by any Brokers.

10.2 Attorneys' Fees. If there is any legal action or proceeding between Sublandlord and Subtenant to enforce any provision of this Sublease or to protect or establish any right or remedy of either Sublandlord or Subtenant hereunder, the non-prevailing party to such action or proceeding will pay to the prevailing party all costs and expenses, including reasonable attorneys' fees incurred by such prevailing party in such action or proceeding and in any appearance in connection therewith, and if the prevailing party recovers a judgment in any such action, proceeding or appeal, such costs, expenses and attorney's fees will be determined by the court or arbitration panel handling the proceeding and will be included in and as a part of the judgment.

10.3 Corporate Authority. Each of the persons executing the Sublease on behalf of Subtenant hereby covenants and warrants that: (i) Subtenant is a duly authorized and existing company; (ii) Subtenant is qualified to do business in the State of South Carolina; (iii) Subtenant has full right and authority to enter into this Sublease; and (iv) each of the persons executing on behalf of Subtenant is authorized to do so.

10.4 Counterparts. This Sublease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall comprise but a single instrument

10.5 No Encumbrance. Subtenant shall not voluntarily, involuntarily or by operation of law mortgage or otherwise encumber all or any part of Subtenant's interest in the Sublease or the Sublease Premises.

10.6 Governing Law. This Sublease shall be governed by and construed in accordance with the laws of the State of South Carolina. Subtenant hereby consents to the personal jurisdiction and venue of any South Carolina state court located in the City of Charleston, and United States District Courts for the District of South Carolina, and any successor court, and the service or process by any means authorized by such court.

10.7 Successors and Assigns. Subject to the provisions of this Sublease and the Lease relating to assignment and subletting, this Sublease shall be binding upon, and shall insure to the benefit of the parties' respective representatives, successors and assigns.

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The parties hereto have executed this Sublease effective as of the date set forth above.

By **SUBLANDLORD:**

Charleston Marine Containers, Inc.
a Delaware corporation

By: _____

Name: _____

Title: _____

Maui US
Marie Mendez
Secretary

By **SUBTENANT:**

Carver Maritime LLC
a New York limited liability company

By: _____

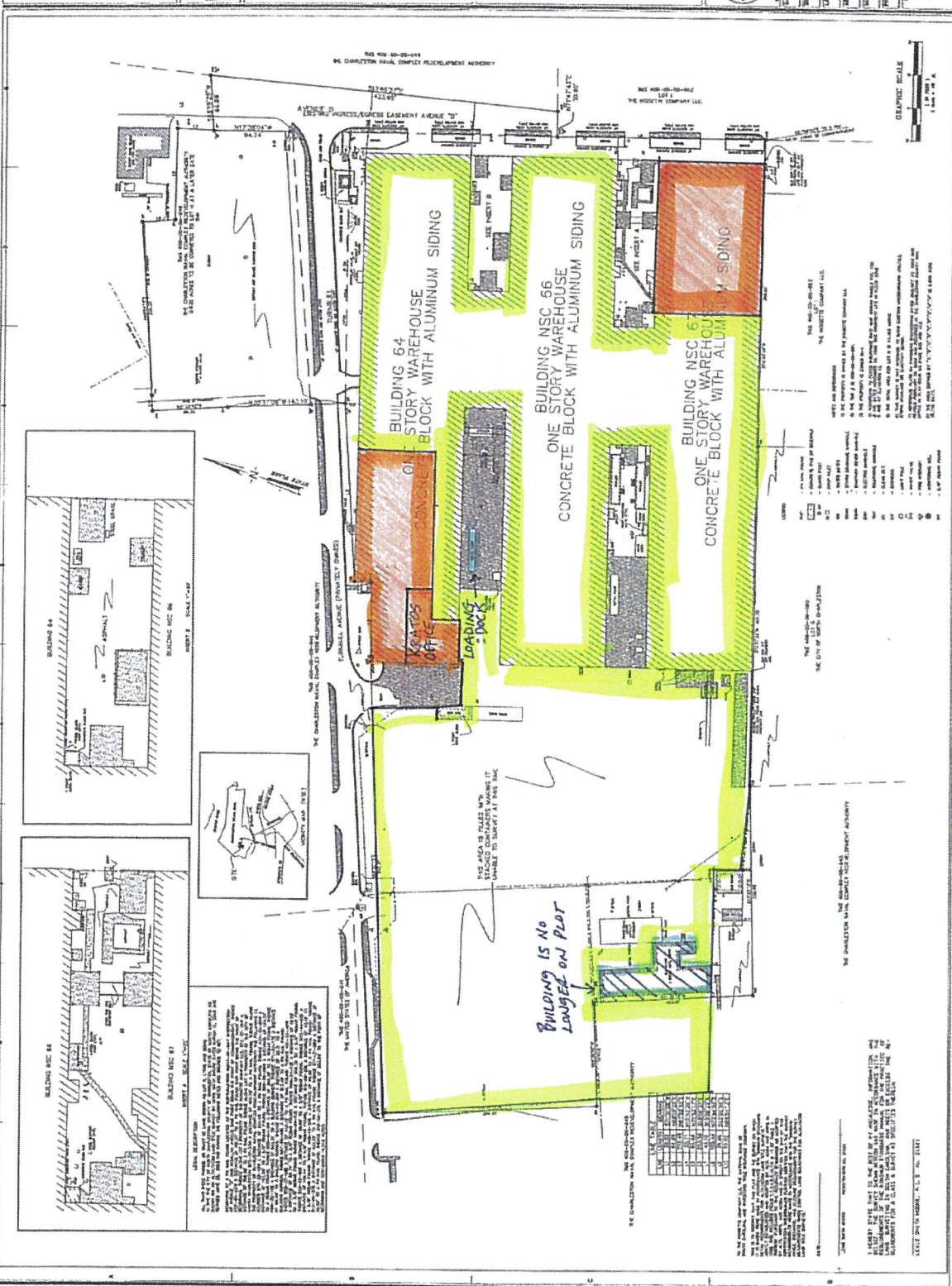
Name: _____

Title: _____

Carver
Carver Laraway
Managing Member

EXHIBIT A

[Layout of Subleased Portion of]


$$= \text{Substandard / CMCI}$$

== Subtenant / Carver

EXHIBIT B

[Redacted Copy of Lease]

All correspondence in connection with
this contract should include reference
to N62467-96-RP-00243

**LEASE
BETWEEN
THE UNITED STATES OF AMERICA
AND
CHARLESTON NAVAL COMPLEX REDEVELOPMENT AUTHORITY**

THIS LEASE, made this 26th day of September, 1996, by and between THE UNITED STATES OF AMERICA, acting by and through the Department of the Navy, hereinafter called the "Government", and the CHARLESTON NAVAL COMPLEX REDEVELOPMENT AUTHORITY, hereinafter called the "Lessee";

WITNESSETH:

WHEREAS, Government has declared Premises surplus at the Charleston Naval Complex, North Charleston, South Carolina, and Lessee has immediate need to use these Premises; and

WHEREAS, the Secretary of the Navy, pursuant to the provisions of 10 U.S.C. 2667 (f) (1), has determined that this lease will facilitate state and local economic adjustment efforts pending its final disposition of the real and personal property; and

WHEREAS, the Secretary of the Navy, pursuant to the provisions of 10 U.S.C. 2667 (f) (2), has determined that a public interest will be served as a result of this lease and the fair market value of the lease is not compatible with such public benefit; consideration for this lease will be at less than the fair market value; and

WHEREAS, the Lessee, a public body, corporate and politic, created and organized under Chapter 12 of Title 31, Code of Laws of South Carolina, with the power to acquire and dispose of Federal Military Installations, desires to lease certain property declared surplus by the Government; and

WHEREAS, the Secretary of the Navy has consulted with the appropriate Environmental Protection Agency administrator and a determination has been made that the environmental condition of the property proposed for leasing is such that the lease of the property is advisable; and

WHEREAS, Lessee is recognized by the Secretary of Navy, through the Office of Economic Adjustment, as the local redevelopment authority with the responsibility for the redevelopment of the Charleston Naval Complex, North Charleston, South Carolina.

NOW THEREFORE, in consideration of the terms, covenants, and conditions hereinafter set forth, Government and Lessee hereby agree as follows:

1. **LEASED PREMISES.** Government does hereby lease, rent, and demise to Lessee, and Lessee does hereby hire and rent from Government Buildings 64, NSC-66, and NSC-67 together with all improvements, containing approximately 193,440 square feet of space shown on the drawing marked Exhibit "A" and associated personal property marked as Exhibit "B", attached hereto and by reference made a part hereof (the "Premises"), together with the right of ingress and egress to the premises across, adjacent or nearby roads of the Government which lead to a reasonably convenient public road or roads, and also together with land sufficient for parking, storage and rail access to service operations of the Premises marked as Parcel B on Exhibit "A1", attached hereto and by reference made a part hereof, and provided that a Finding of Suitability to Lease is completed, Parcel C on Exhibit "A1", or such substitute land as may be necessary to provide sufficient parking, storage and rail access for operations of the premises. Ingress, egress and parking will be afforded in accordance with paragraph 30 of this lease.

2. **TERM.** The term of this lease shall be for a period beginning on September 1, 1996, and ending at 11:59 P.M. on August 31, 2021, unless sooner terminated in accordance with the provisions of Paragraph 14, Termination.

3. **RENT.**

3.1 In lieu of cash rental the Lessee shall provide protection and maintenance/repair services for the leased premises as described in Paragraph 12. It is understood by the Lessee that since the subject property is being leased for less than fair market value and the lease permits the property to be sublet, the rents from the subleases must be applied to the protection, maintenance, repair, improvements, and costs of the premises leased or any property at the entire Charleston Naval Complex.

3.2 Lessee shall keep adequate records and books of account showing the actual cost to it of all items of labor, material, equipment, supplies, services, and other items of cost of any nature constituting an item of actual cost incurred by it directly in the performance of any item of work or service in the nature of the repair, protection and maintenance services described in paragraph 12 to be provided the leased premises as in-kind consideration for rent. Lessee shall provide Government with access to such records and books of account and proper facilities for inspection thereof at all reasonable times. All information obtained from said records and books of account shall be deemed confidential.

3.3 **COMMON SERVICES:** The cost of common services (as defined herein) will be allocated to the lessee of the premises based on a square foot charge as follows:

Basewide common services
(as appropriated in the Caretaker Budget)

= Common services rate per square foot
7 million square feet (Total Base Facility)

In all cases, throughout the term of the lease, the resulting costs of common services shall not exceed [REDACTED] per square foot of building area. The first payment of common services shall be paid on 1 September, 1999. Thereafter, payments are due quarterly. Annually the common services fee will be computed and provided to the lessee no later than 1 August each year. Any of these common services assumed by the lessee or no longer provided by the Navy shall be deleted from the fee calculations and shall be reflected in the new rate. The fee shall be payable by check made payable to the U.S. Treasury and forwarded to the Commanding Officer, Southern Division, Naval Facilities Engineering Command. The annual fee shall be computed by multiplying the Common services rate by leased square footage. "Common services" are defined as common ground areas and roads maintenance, basewide environmental compliance, pest control services, maintenance of storm sewer, security, utility maintenance, fire protection and administrative requirements associated with these services. Nothing in this lease commits the lessor to continuing to provide and/or maintain the common services referenced herein. The lessor's obligation to pay or reimburse any costs associated with the common services referenced herein is subject to the availability of appropriated funds, and nothing in this Agreement will be interpreted to require obligations or payments by the Federal Government in violation of the Anti-Deficiency Act (31 U.S.C. Section 1341). The extent of the common services that the lessor will provide during this period is limited to that which can be purchased from the lease proceeds received under this section for common services, plus caretaker funds appropriated by Congress and available for this purpose.

4. USE OF LEASED PREMISES.

4.1 The sole purpose for which the Premises may be used, in the absence of prior written approval by the Government, for any other use, is for the conducting of industrial manufacturing purposes. The Lessee understands and acknowledges that this lease is not and does not constitute a commitment by Government with regard to the ultimate disposal of the Premises, in whole or in part, to Lessee or any agency or instrumentality thereof, or to any sublessee. The lease may be terminated by Government as provided by the terms of the lease, and Lessee agrees to and acknowledges such terms.

4.2 Lessee shall not undertake any activity that may affect an historic or archeological property, including excavation, construction, alteration or repairs of the Premises, without the approval of the contracting officer and compliance with Sec. 106 of the National Preservation Act, 16 U.S.C. 470, and the Archaeological Resource Protection Act, 16 U.S.C. 470 aa. Buried cultural materials may be present on the Premises. If such materials are encountered, Lessee shall stop work immediately and notify the contracting officer.

5. ASSIGNMENT OR SUBLETTING.

5.1 Lessee shall neither transfer nor assign this lease or any interest therein or any property on the Premises nor sublet the Premises or any part thereof or any property thereon, nor grant any interest, privilege, or license whatsoever in connection with this lease without the prior written consent of Government. Such consent shall not be unreasonably withheld or delayed. Every sublease shall contain the Environmental Protection provisions set forth in Paragraph 13.

5.2 Any sublease granted by Lessee shall contain a copy of this lease as an attachment and be subject to all of the terms and conditions of this lease and shall terminate immediately upon the expiration or any earlier termination of the lease, without any liability on the part of Government to Lessee or any sublessee. Under any sublease made, with or without consent, the sublessee shall be deemed to have assumed all of the obligations of Lessee under this lease. No sublease shall relieve Lessee of any of its obligations hereunder.

5.3 For any sublease, Lessee shall use only a lease form approved by Government. Lessee shall furnish Government, for its prior written consent, a copy of each sublease it proposes to execute. Such consent may include the requirement to delete, add, or change provisions in the sublease instrument as Government shall deem necessary to protect its interests. Consent to any sublease shall not be taken or construed to diminish or enlarge any of the rights or obligations of either of the parties under the lease. Should a conflict arise between the provisions of this lease and a provision of the sublease, the provisions of this lease shall take precedence. Upon its execution, a copy of the sublease shall immediately be furnished to the Government.

6. JOINT INSPECTION REPORT. A joint inspection has been conducted by representatives of Lessee and Government, of the Premises, including all personal property and a complete inventory of Government real and personal property has been made. A report has been made of the condition of the Premises, including personal property, and any deficiencies which were found to exist have been noted in such report. Each inventory is identified by building or facility number, and signed and dated by both parties to the lease. The Joint Inspection Report is attached to the lease as Exhibit "C". All related personal property in a building, unless specifically exempted by the terms and conditions of this lease, is intended to remain with that building. All real and personal property delivered to Lessee shall be delivered "as is, where is", and, as such, Government makes no warranty as to such real and personal property either as to their usability generally or as to their fitness for any particular purpose. Any safety and/or health hazards identified shall be corrected at Lessee's expense prior to use and occupancy. Such safety and/or health hazards shall be limited to those identified in the attached Joint Inspection Report. Should this Lease terminate and not be succeeded by either another lease, or a conveyance of title to the premises, or by active negotiation for either lease or conveyance, Lessee shall turn over to Government the Premises in the same condition in which they were received, reasonable wear and tear and acts of God excepted; provided, nevertheless, Lessee may at its expense and with prior approval of Government, which approval shall not be unreasonably delayed, (a) replace any personal property with personal property of like kind and utility, (b) repair any personal property

in a good and workmanlike manner, and (c) dispose of any worn out, obsolete or non-functioning personal property.

7. ENVIRONMENTAL BASELINE SURVEY REPORT AND FINDING OF SUITABILITY TO LEASE. An Environmental Baseline Survey for Lease (EBSL) and Finding of Suitability to Lease (FOSL) are attached as Exhibit "D" and made a part of this lease. The EBSL sets forth the existing environmental conditions of the Premises as represented by the baseline survey which has been conducted by the Government and the FOSL sets forth the basis for the Government's determination that the Premises is suitable for leasing. Lessee is hereby made aware of the notifications contained in the FOSL attached hereto as Exhibit "D" and shall comply with the Lease restrictions set forth therein.

8. ALTERATIONS. No additions to, or alterations of, the premises, facilities including ground excavation shall be made without the prior written consent of the Contracting Officer which consent shall not be unreasonably withheld or delayed. Such consent may involve a requirement to provide the Government with a performance and payment bond satisfactory to it in all respects and other requirements deemed necessary to protect the interests of the Government. Upon termination of the lease or by revocation or surrender of any sublease, to the extent directed by Government, Lessee shall, at the option of Government, either:

8.1 Promptly remove all alterations, additions, betterment's, and improvements made or installed and restore the premises, facilities, or related personal property to the same or as good condition as existed on the date of entry under this lease, reasonable wear and tear excepted; or

8.2 Abandon such additions or alterations in place, at which time title to said alterations, improvements, and additions shall vest in Government. Provided in either event all personal property and trade fixtures of tenant or any third person may be removed and tenant shall repair any damages to the leased premises resulting from such removal.

9. ACCESS BY GOVERNMENT. In addition to access required under Paragraph 13, at all reasonable times throughout the term of this lease, Government shall be allowed access to the Premises for any purposes upon notice to Lessee. Government normally will give Lessee or any sublessee 24-hour prior notice of its intention to enter the Premises unless it determines the entry is required for safety, environmental, operations or security purposes. Lessee shall have no claim on account of any entries against the United States or any officer, agent, employee or contractor, therefore, all necessary keys to the buildings and Premises occupied by Lessee or any sublessee shall be made available to Government upon request.

10. UTILITIES. Procurement of utilities, i.e., electricity, water, gas, steam, sewer, telephone, and trash removal will be the responsibility of the Lessee. In the event that the Government shall furnish Lessee with any utilities or services maintained by the Government which Lessee may require in connection with its use of the Premises, Lessee shall pay the Government the cost incurred in providing such utilities or services therefor in addition to the cash rent if any required under this lease. Such charges shall not exceed commercial rates

established by the local utility provider of such utility or service. Total Charges to be collected may include any overhead cost to Government to operate and maintain the service. The method of payment of such charges will be determined by the local Government representative in accordance with applicable laws and regulations on such basis as the local Government representative may reasonably establish. The Lessee at its sole cost shall install metering devices for utilities serving the leased premises prior to its occupancy of the premises, and the volume of utilities used by Lessee shall be determined by such metering devices. It is expressly agreed and understood that the Government in no way warrants the continued maintenance or adequacy of any utility or service furnished by it to Lessee.

11. NO INTERFERENCE

11.1 The Government and the Lessee will coordinate the conduct of any joint occupancy of the premises if required for the performance of environmental cleanup or restoration actions by the Government, EPA, State of South Carolina or their contractor.

11.2 Lessee shall not conduct operations, nor make any alterations, that would interfere with or otherwise restrict Navy operations or environmental clean-up or restoration actions by the Navy, Environmental Protection Agency (EPA), State of South Carolina, or their contractors. Cleanup, restoration, or testing activities for environmental purposes by these parties shall take priority over Lessee's use of the Premises in the event of any conflict.

12. **PROTECTION AND MAINTENANCE SERVICES.** Lessee shall furnish all labor, supervision, materials, supplies, and equipment necessary to furnish the maintenance and repair of the following building systems and appurtenances: structural, fencing, plumbing, electrical, heating and cooling systems, exterior utility systems, pavement and ground maintenance, (including grass cutting, shrub trimming, and tree removal), pest control to make sure the premises remain free from rodents, insects, termites, and animals, refuse removal and security and fire protection necessary for the protection of the Premises. Government shall not be required to furnish any services or facilities or to make any repair or alteration in or to the Premises. Lessee hereby assumes the full and sole responsibility for the protection, maintenance and repair of the Premises as set forth in this paragraph. For specifics as to such protection and maintenance and repair required to be provided by Lessee hereunder the following provisions shall apply:

12.1 **Maintenance & Repair.** The degree of maintenance and repair services to be furnished by Lessee hereunder shall be that which is sufficient to assure weather tightness, structural stability (excluding any seismic retrofit and/or modifications to foundations resulting from extraordinary natural occurrences such as earthquakes and landslides), protection from fire hazards or erosion, and elimination of safety and health hazards, which arise during the term of the Lease and which are not caused by the actions of the Government or its employees, contractors, or agents, so that the Premises being serviced will remain in the condition in which they exist at the commencement of the lease as documented in the Joint Inspection Report prepared pursuant to paragraph 6, ordinary wear and tear and acts of God excepted. This does not apply to any pre-existing defective conditions (exclusive of safety and/or health hazards) of

the Premises belonging to the Government which were identified as defective at the time of the joint inspection, such defects being noted and included in the Joint Inspection Report. Any repair to correct such pre-existing defective conditions shall be at the Lessee's option and expense. The Government, upon due notice, may inspect the premises, facilities, and related personal property to insure performance of the maintenance set forth herein.

12.2 Exterior Utility Systems The Lessee is responsible for the repair and maintenance of all exterior utility distribution lines, connections, and equipment which solely supports their facilities. This responsibility extends from the facilities leased to the point of connection with the utility system which serves users other than the Lessee. These systems include but are not limited to: heating plants, steam lines, traps, high voltage transformers, substations, power distribution lines (overhead and underground), poles, towers, gas mains, water and sewage mains, water tanks, fire protection systems, hydrants, lift stations, manholes, isolation valves, meters, storm water systems, catch basins, etc.

12.3 Refuse Removal. Debris, trash and other useless materials shall be promptly removed from the premises, and the area of work shall be kept reasonably clean and free of useless materials at all times. At completion of the lease, the area of work and the Premises shall be left without containers, Lessee's equipment, and other undesirable materials, and in an acceptably clean condition.

12.4 Security Protection. Lessee shall provide security to assure security and safety of the Premises. Any crimes or other offenses, including traffic offenses and crimes and offenses involving damage to or theft of Government property, shall be reported to the appropriate state or local municipal authorities for their investigation and disposition and to Government as property owner.

12.5 Fire Protection. Lessee shall be responsible for fire protection of the Premises.

13. ENVIRONMENTAL PROTECTION PROVISIONS.

13.1 Lessee and any sublessee shall comply with the applicable environmental laws and regulations and all other Federal, state, and local laws, regulations, and standards that are or may become applicable to Lessee's activities on the Premises.

13.2 Lessee and any sublessee shall be solely responsible for obtaining at its cost and expense any environmental permits required for its operations under the lease, independent of any existing permits. Copies of all required permits shall be provided to the Government.

13.3 Lessee shall, to the extent permitted by South Carolina law, indemnify and hold harmless Government from any costs, expenses, liabilities, fines, or penalties resulting from discharges, emissions, spills, storage, disposal, arising from Lessee's occupancy, use or operations, or any other action by Lessee or any sublessee giving rise to Government liability, civil or criminal, or responsibility under Federal, state, or local environmental laws. This provision shall survive the expiration or termination of the lease, and Lessee's obligations

hereunder shall apply whenever Government incurs costs or liabilities for Lessee's actions. The Government shall indemnify and hold harmless, Lessee to the extent authorized in Section 330 of P.L. 102-484, Division A, Title III, Subtitle C..

13.4 Government's rights under this lease specifically includes the right for Government officials to inspect upon reasonable notice the leased premises for compliance with environmental, safety, and occupational health laws and regulations, whether or not Government is responsible for enforcing them. Such inspections are without prejudice to the right of duly constituted enforcement officials to make such inspections. At all reasonable times throughout the term of this lease, Government shall be allowed access to the premises for any purposes upon notice to the Lessee. Government normally will give the Lessee or sublessee twenty-four (24) hours prior notice of its intention to enter the Premises unless it determines the entry is required for safety, environmental, operations, or security purposes. The Lessee shall have no claim on account of any entries against the United States or any officer, agent, employee or contractor; therefore, all necessary keys to the buildings and facilities occupied by Lessee or any sublessee shall be made available to Government upon request..

13.5 The Naval Complex, Charleston, has not been identified as a National Priority List (NPL) Site under the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) of 1980, as amended, and as such is not subject to any Inter-Agency Agreement.

13.6 The Navy, EPA, and South Carolina Department of Health and Environmental Control (DHEC) and their officers, agents, employees, contractors, and subcontractors have the right, upon reasonable notice to the Lessee and any sublessee, to enter upon the leased premises for the purposes enumerated below and for such other purposes consistent with any provision of the Installation Restoration Program (IRP).

13.6.1 To conduct investigations and surveys, including, where necessary, drilling, soil and water sampling, testpitting, testing soil borings, and other activities related to the IRP.

13.6.2 To inspect field activities of the Government and its contractors and subcontractors in the IRP.

13.6.3 To conduct any test or survey required by EPA or DHEC relating to the implementation of these programs or environmental conditions at the leased premises or to verify any data submitted to the EPA or DHEC by the Government relating to such conditions.

13.6.4 To construct, operate, maintain, or undertake any other response or remedial action as required or necessary under the IRP, including, but not limited to, monitoring wells, pumping wells, and treatment facilities.

13.7 Lessee further agrees that in the event of any assignment or sublease of the Premises, it shall provide to the EPA and DHEC by certified mail a copy of the agreement or sublease of the Premises within fourteen (14) days after the effective date of such transaction.

Lessee may delete the financial terms and any other proprietary information from the copy of any agreement of assignment or sublease furnished pursuant to this condition.

13.8 The Lessee shall strictly comply with the hazardous waste requirements under the Resource Conservation and Recovery Act (RCRA) and the State of South Carolina's equivalent. Except as specifically authorized by the Government in writing, the Lessee must provide at its own expense such hazardous waste management facilities, complying with all laws and regulations. Government hazardous waste management facilities will not be available to the Lessee. Any violation of the requirements of this condition shall be deemed a material breach of this Lease.

13.9 Lessee shall not conduct or permit its sublessee's to conduct, any subsurface excavation, digging, drilling or other disturbance of the surface without the prior written approval of the Government

13.10 DOD Component accumulation points for hazardous and other wastes will not be used by the Lessee or any sublessee. Neither will the Lessee or sublessee permit its hazardous wastes to be commingled with hazardous waste of the DOD Component.

13.11 The Lessee shall have a Government-approved plan for responding to hazardous waste, fuel, and other chemical spills prior to commencement of operations on the Premises. Such plan shall be independent of Naval Base, Charleston, South Carolina, and, shall not rely on use of installation personnel or equipment. Should the Government provide any personnel or equipment, whether for initial fire response and/or spill containment, or otherwise on request of the Lessee, or because the Lessee was not, in the opinion of the said officer, conducting timely cleanup actions, the Lessee agrees to reimburse the Government for its cost.

13.12 The Lessee shall not construct or make or permit its sublessees or assigns to construct or make any substantial alterations, additions, or improvements to or installations upon or otherwise modify or alter the Premises in any way which may adversely affect the cleanup, human health, or the environment without the prior written consent of the Government. Such consent may include a requirement to provide the Government with a performance and payment bond satisfactory to it in all respects and other requirements deemed necessary to protect the interests of the Government. For construction of alterations, additions, modifications, improvements or installations (collectively "work") in the proximity of operable units that are part of a National Priorities List (NPL) Site, such consent may include a requirement for written approval by the Government's Remedial Project Manager in addition to the approval by the Contracting Officer. Except as such written approval shall expressly provide otherwise, all such approved alterations, additions, modifications, improvements, and installations shall become Government property when annexed to the Premises.

13.13 Storage, treatment, or disposal of toxic or hazardous materials on the leased premises is prohibited except as authorized by the Government in accordance with 10 U.S.C. 2692.

13.14 The Lessee and its sublessees do not hereby assume any liability or responsibility for environmental impacts and damage caused by the Government's use of toxic or hazardous wastes, substances or materials on any portion of the Premises, or the tract of which the Premises is a part, prior to the beginning date of this lease. The Lessee and its sublessees have no obligation under this Lease to undertake the defense of any claim or action, whether in existence now or brought in the future, arising out of the use of or release of any toxic or hazardous wastes, substances, or materials on or from any part of the Premises, or the tract of which the Premises is a part, prior to the beginning date of this lease. Further, the Lessee and its sublessees have no obligation under this lease to undertake environmental response, remediation, or cleanup relating to such use or release. For the purposes of this paragraph, "defense" or "environmental response, remediation, or cleanup" include (but are not limited to) liability and responsibility for the costs of damage, penalties, legal and investigative services relating to such use or release. Provided, however, that should Lessee receive actual knowledge of any pre-existing but previously undetected environmental condition which poses an immediate and adverse impact to occupants' health or to the environment and which requires expedient response to mitigate damages, the Lessee shall provide notice to the Government as soon as may be practical under the circumstances; provided, further, Lessee shall not have any affirmative obligation to conduct any environmental investigations. For purposes of this paragraph, "actual knowledge" shall mean the actual knowledge of a person of authority with Lessee (such as an Authority member, officer, director or executive director of the Lessee) and shall exclude any facts known to an employee, contractor, sub-contractor, sub-lessee, agent, invitee, guest or licensee of Lessee which is not in fact made known to a person of authority with Lessee.

13.15 The Lessee and any sublessee shall provide prior written notification to the Government of any articles, tools, equipment, or devices brought on-site which contain radioactive material. Examples of potential radiological sources include radium-containing dials, gauges, and illuminators; tritium in illuminators and exit signs; thorium in optical lenses or welding consumables (e.g., grinding dust from thoriated electrodes); abrasive blasting material; or any radioactive source used for calibration, medical diagnosis or therapy, or industrial radiography. The Lessee is responsible for removal of any such potential radiological material upon termination of the Lease.

13.16 The Lessee agrees to comply with the provisions of any health or safety plan in effect under the IRP during the course of any of the above described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action will, to the extent practicable, be coordinated with representatives designated by the Lessee and any sublessee. The Lessee and any sublessees, assignees, licensees, or invitees shall have no claim account of such entries against the Government or any officer, agent, employee, contractor, or subcontractor thereof. In addition, the Lessee shall comply with all applicable Federal, State, and local occupational safety and health regulations applicable with respect to its use of the Premises during the term of this lease. Nothing herein shall obligate the Government to compensate Lessee or any third person for any lost profits, lost opportunities, wages or operating expenses or any other costs incurred as a result of Lessee's cooperation pursuant to this paragraph.

14. TERMINATION.

14.1 Termination by Government. The Government shall have the right to terminate this Lease without liability:

14.1.1 If the lessee is tendered fee ownership of the leased premises and fails to accept such ownership within one hundred eighty days (180) of written notice of such offer.

14.1.2 Upon ten (10) day notice in the event of a national emergency as declared by the President or the Congress of the United States; or

14.1.3 In the event of breach by the Lessee of any terms and conditions hereof. In the event of a breach involving the performance of any obligation, the Lessee shall be afforded thirty (30) days from the receipt of the Government's notice of intent to terminate to complete the performance of the obligation or otherwise cure the subject breach and avoid termination of this Lease. In the event that the Government shall elect to terminate this Lease on account of the breach by the Lessee of any of the terms and conditions, the Government shall be entitled to recover and the Lessee shall pay to the Government:

14.1.3.1 The costs incurred in resuming possession of the Leased Premises.

14.1.3.2 The costs incurred in performing any obligation on the part of the Lessee to be performed hereunder.

14.1.3.3 An amount equal to the aggregate of any maintenance obligations, and charges assumed hereunder and not paid or satisfied, which amounts shall be due and payable at the time when such obligations, and charges would have accrued or become due and payable under this Lease.

14.2 Termination by Lessee. The Lessee shall have the right to terminate this Lease upon thirty (30) days written notice to the Government in the event of breach by the Government of any of the terms and conditions hereof. In the event of a breach involving the performance of any obligation, the Government shall be afforded thirty (30) days from the receipt of the Lessee's notice of intent to terminate to complete performance of the obligation or otherwise cure the subject breach and avoid termination of this Lease. The Lessee shall also have the right to terminate this Lease in the event of damage to or destruction of all of the Premises or such a substantial portion thereof as to render the Premises incapable of use for the purposes for which it is leased hereunder, provided:

(a) The Government either has not authorized or directed the repair, rebuilding, or replacement of the improvements or has made no provision for payment for such repair, rebuilding, or replacement by application of insurance proceeds or otherwise, and

(b) That such damage or destruction was not occasioned by the fault or negligence of the Lessee or any of its officers, agents, servants, employees, subtenants, licensees, or invitees, or by any failure or refusal on the part of the Lessee to fully perform its obligations under this Lease.

14.2.1 Lessee shall have the right to terminate this lease upon written notice to Government given at any time within thirty (30) days from date hereof if Lessee shall not have received a fully executed sub-lease with respect to the Premises with a sub-tenant and upon such terms and conditions as shall be acceptable to lessee in Lessee's sole discretion. This provision in no way alters the Government's right to approve the terms and conditions of each sublease under paragraph 5.3.

14.2.2 Lessee shall have the right to terminate this lease in whole or in part by thirty (30) days prior written notice to Government given at any time if any sublease of all or a portion of the leased premises shall terminate for any reason.

14.2.3 If any utility (see paragraph 10), or any municipal fire or police protection, which is necessary for Lessee's proposed use of the Premises shall be unavailable to the Premises, at any time during the term of this lease, Lessee may terminate this lease by written notice to Government. Upon the giving of such notice, this lease shall terminate and Lessee shall cease operations, except such as may be necessary to complete Lessee's operations. Lessee shall thereafter surrender possession of the leased premises within fifteen (15) days of such notice.

14.2.4 If Government shall require Lessee to vacate all or a substantial portion of the Premises pursuant to paragraph 14.3 of this lease for a period in excess of thirty (30) days, Lessee may terminate this lease by written notice to Government given at any time while Lessee shall continue to be denied use of all or a substantial portion of the Premises. Lessee shall thereafter surrender possession of the Premises within fifteen (15) days of such notice.

14.3 Environmental Contamination. In the event environmental contamination is discovered on the property which creates, in Government's determination, an imminent and substantial endangerment to human health or the environment, and notwithstanding any other termination rights and procedures contained in this lease, Lessee shall vacate, or require any sublessee to vacate, the property immediately upon notice from Government of the existence of such a condition and the requirement to so vacate the Premises. Exercise of this right by the Government shall be without liability except that Lessee shall not be responsible for the payment of rent, the amount of deduction to be determined on a daily pro rata basis, during the period the Premises is vacated. Government's exercise of the right herein to order the property immediately vacated does not alone constitute a termination of the Lease, but such right may be exercised in conjunction with any other termination rights provided in this lease or by law.

15. INDEMNIFICATION BY LESSEE. Subject to all of the provisions, limitations and defenses applicable to tort liability under the South Carolina Tort Claims Act, to the extent sovereign immunity has been waived for tort liability by the South Carolina Tort Claims Act, and to the extent permitted by South Carolina law, the Lessee shall indemnify, defend, and save

Government harmless and shall pay all costs, expenses, and reasonable attorney's fees for all trial and appellate levels and post judgment proceedings in connection with any fines, suits, actions, damages, liability, and causes of action of every nature whatsoever arising or growing out of, or in any manner connected with, the occupation or use of the Premises by Lessee and the employees, agents, servants, guests, invitees, contractors and sublessees of Lessee, including but not limited to, any fines, claims, demands, and causes of action of every nature whatsoever which may be made upon, sustained, or incurred by Government by reason of any breach, violation, omission, or non-performance of any term, covenant, or condition hereof on the part of Lessee or the employees, agents, servants, guests, invitees of Lessee. This indemnification also applies to claims arising out of the furnishing of any utilities or services by the Government or any interruption therein or failure thereof, whether or not the same shall be occasioned by the negligence or lack of diligence of Lessee, its officers, agents, servants or employees. However, this indemnity shall not extend to damages due to the fault or negligence of the Government or its contractors. This covenant shall survive the termination of this lease.

16. INSURANCE.

16.1 All Risk. Lessee shall in any event and without prejudice to any other rights of Government bear all risk of loss or damage to the Premises occupied or used by Lessee or any of its sublessee's, arising from any causes whatsoever, or in any manner connected with the occupation or use of the Premises by Lessee or any sublessee's, or by a risk customarily covered by insurance in the locality in which the Premises are situated, even where such loss or damage stems from causes beyond Lessee's control. Provided, however, Lessee shall have no liability for loss or damage resulting from collapse of structures, war, riot, flood, windstorm, fire, explosion (not caused by Lessee's negligence) acts of God or natural disasters. As to damage of facilities and related personal property not part of the Premises, Lessee shall only be liable for loss or damage arising out of Lessee's occupation or use of the Premises. In the event that any item or part of the Premises shall require repair, rebuilding, or replacement resulting from loss or damage, the risk of which is assumed under this section, Lessee shall promptly give notice thereof to Government, and shall, upon demand of Government, either compensate Government for such loss or damage, or rebuild, replace, or repair the item or items of the Premises so lost or damaged.

16.2 Lessee's Insurance. During the entire period this lease shall be in effect, Lessee at its expense will carry and maintain:

16.2.1 All-risks property and casualty insurance against the risks enumerated in paragraph 16.1 above in an amount sufficient to remove debris and clear the site. Government will defer to Lessee to identify any improvements and personal property on or near the Premises which shall be insured at a value greater than the amount required by the Government in this paragraph 16.2.1 and Lessee will determine the appropriate insured value for those improvements and personal property.

16.2.2 Public liability and property damage insurance, including but not limited to, insurance against assumed or contractual liability under this lease, with respect to the

Premises, to afford protection with limits of liability of not less than \$1,000,000, per occurrence in the event of bodily injury and death to any number of persons in any one accident, and not less than \$1,000,000, per occurrence for property damage.

16.2.3 If and to the extent required by law, workmen's compensation or similar insurance in form and amounts required by law.

16.3 Lessee's Contractor's and Sublessee's Insurance. During the entire period this Lease shall be in effect, Lessee shall require its contractors or sublessees or any contractor performing work at Lessee's or Sublessee's request on the leased premises to carry and maintain the insurance required below:

16.3.1 Comprehensive general liability insurance, including, but not limited to, contractor's liability coverage and contractual liability coverage, of not less than \$1,000,000, per occurrence with respect to personal injury or death, and \$1,000,000, per occurrence with respect to property damage.

16.3.2 Workmen's compensation or similar insurance in form and amounts required by law.

16.4 Policy Provisions. All insurance which this lease requires Lessee to carry and maintain or cause to be carried or maintained shall be in such form, for such periods of time, and with such insurers as Government may reasonably require or approve. All policies or certificates issued by the respective insurers for public liability and all-risks property insurance will name Government as an additional insured, provide that any losses shall be payable notwithstanding any act or failure to act or negligence of Lessee or Government or any other person, provide that no cancellation, reduction in amount, or material change in coverage thereof shall be effective until at least 30 days after receipt by Government of written notice thereof, provide that the insurer shall have no right of subrogation against Government, and be reasonably satisfactory to Government in all other respects. In no circumstances will Lessee be entitled to assign to any third party rights of action which Lessee may have against Government.

16.5 Delivery of Policies. Lessee shall deliver or cause to be delivered promptly to Government a certificate of insurance evidencing the insurance required by this lease and shall also deliver no later than thirty (30) days prior to the expiration of any such policy, a certificate of insurance evidencing each renewal policy covering the same risks.

17. LABOR PROVISION.

17.1 Equal Opportunity. During the term of this lease Lessee agrees as follows:

17.1.1 Lessee shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. Lessee shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action

shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation, selection for training, including apprenticeship. Lessee agrees to post in conspicuous places available to employees and applicants for employment, notices to be provided by Government setting forth the provisions of this nondiscrimination clause.

17.1.2 Lessee shall, in all solicitations or advertisements for employees placed at the leased premises by or on behalf of Lessee, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

17.1.3 Lessee shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice to be provided by Government, advising the labor union or worker's representative of Lessee's commitments under this Equal Opportunity Clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

17.1.4 Lessee shall comply with all provisions of Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and of the rules, regulations, and relevant orders of the Secretary of Labor.

17.1.5 Lessee shall furnish all information and reports required by Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and by the rules, regulations, and orders of the Secretary of Labor or pursuant thereto, and will permit access to his books, records, and accounts by Government and the Secretary of Labor for purposes of investigating to ascertain compliance with such rules, regulations, and orders.

17.1.6 In the event of Lessee's noncompliance with the Equal Opportunity Clause of this lease or with any of said rules, regulations, or orders, this lease may be canceled, terminated, or suspended in whole or in part and Lessee may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

17.1.7 Lessee will include the above provisions in every sublease unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive order 11246 or September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, so that such provisions will be binding upon each sublessee. Lessee will take such action with respect to any sublessee as Government may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event Lessee becomes involved in, or is threatened with, litigation with sublessee as a result of such direction by Government, Lessee may request the United States to enter into such litigation to protect the interests of the United States.

17.2 Contract Work Hours Standards Act (40 U.S.C. 327-330). This lease, to the extent that it is a contract of a character specified in the Contract Work Hours Standards Act (40 U.S.C. 327-330) and is not covered by the Walsh-Healy Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and exceptions of said Contract Work Hours Standards Act and to all other provisions and exceptions of said law:

17.2.1 Lessee shall not require or permit any laborer or mechanic in any workweek in which he is employed on any work under this lease to work in excess of 40 hours in such workweek on work subject to the provisions of the Contract Work Hours Standards Act unless such laborer or mechanic receives compensation at a rate not less than one and one-half times his basic rate of pay for all such hours worked in excess of 8 hours in any calendar day or in excess of 40 hours in such workweek, whichever is the greater number of overtime hours. . The "basic rate of pay", as used in this clause, shall be the amount paid per hour, exclusive of Lessee's contribution or cost for fringe benefits and any cash payment made in lieu of providing fringe benefits, or the basic hourly rate contained in the wage determination, whichever is greater.

17.2.2 In the event of any violation of the provisions of paragraph 17.2.1, Lessee shall be liable to any affected employee for any amounts due, and to the United States for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions of paragraph 17.2.1 in the sum of \$10.00 for each calendar day on which such employee was required or permitted to be employed on such work in excess of the standard workday of 8 hours or in excess of the standard work week of 40 hours without payment of the overtime wages required by paragraph 17.2.1.

17.3 Convict Labor. In connection with the performance of work required by this lease, Lessee agrees not to employ any person undergoing a sentence of imprisonment at hard labor.

18. SUBMISSION OF NOTICES. Notices shall be sufficient under this lease if made in writing and submitted in the case of Lessee to:

Chairman,
Charleston Naval Complex
Redevelopment Authority
1690 Turnbull Avenue
Suite NH-47
Charleston, SC 29408-1955

With copy to: Mr. William J. Bates, Esquire
c/o Young, Clement, Rivers & Tisdale
28 Broad Street
Charleston, SC 29401

and in the case of the Government to:

Commanding Officer

Southern Division, Naval Facilities Engineering Command

2155 Eagle Drive P.O. Box 190010

N. Charleston, SC 29419-9010

The above-named individuals shall be the representatives of the parties and the point of contact during the period of this Lease. Such notice shall be deemed to have been given unless delivered personally, when deposited in the United States mail, postage prepared, certified mail, return receipt requested and addressed as set forth above or to such other address as either party shall have provided to the other by like notice.

19. STORAGE. Any Government property which must be removed to permit exercise of the privilege granted by this lease shall be stored, relocated, or removed from the site and returned to a specified location designated by Government within the confines of the Naval Base, Charleston, South Carolina, upon termination of this lease, at the sole cost and expense of Lessee.

20. AUDIT. This agreement shall be subject to audit by any and all cognizant Government agencies. Lessee shall make available to such agencies for use in connection with such audits all records which it maintains with respect to this lease and copies of all reports required to be filed hereunder.

21. INTEREST. Notwithstanding any other provision of this lease, unless paid within 30 days, all amounts that become payable by Lessee to Government under this lease (net of any applicable tax credit under the Internal Revenue Code) shall bear interest from the date due. The rate of interest will be the Current Value of Funds Rate published by the Secretary of the Treasury pursuant to 31 U.S.C 3717 (Debt Collection Act of 1982). Amounts shall be due upon the earliest of (a) the date fixed pursuant to this lease, (b) the date of the first written demand for payment, consistent with this lease, including demand consequent upon default termination, (c) the date of transmittal by Government to Lessee of a proposed supplemental agreement to confirm completed negotiations fixing the amount, or (d) if this lease provides for revision of prices, the date of written notice to Lessee stating the amount of refund payable in connection with a pricing proposal or in connection with a negotiated pricing agreement not confirmed by lease supplement.

22. AGREEMENT. This lease agreement shall not be modified unless in writing and signed by both parties. No oral statements or representation made by, or for, on behalf of either party shall be a part of this lease.

23. FAILURE TO INSIST ON COMPLIANCE. The failure of Government to insist, in any one or more instances, upon performance of any of the terms, covenants, or conditions of this lease shall not be construed as a waiver or relinquishment of Government's right to the future

performance of any such terms, covenants, or conditions and Lessee's obligations in respect of such future performance shall continue in full force and effect.

24. DISPUTES.

24.1 Except as provided in the Contract Disputes Act of 1978 (41 U.S.C. 601-613) (the Act), all disputes arising under or relating to this lease shall be resolved under this clause and the provisions of the Act.

24.2 "Claim", as used in this clause, means a written demand or written assertion by the Lessee or the Government seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of lease terms, or other relief arising under or relating to this lease. A claim arising under this lease, unlike a claim relating to this lease, is a claim that can be resolved under a lease clause that provides for the relief sought by the Lessee. However, a written demand or written assertion by the Lessee seeking the payment of money exceeding \$100,000 is not a claim under the Act until certified as required by subparagraph 24.3(b) below. The routine request for rental payment that is not in dispute is not a claim under the Act. The request may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

24.3(a) A claim by the Lessee shall be made in writing and, unless otherwise stated in this contract, submitted within 6 years after accrual of the claim to the Commanding Officer, Southern Division, Naval Facilities Engineering Command, for a written decision. A claim by the Government against the Lessee shall be subject to a written decision by the Commanding Officer, Southern Division, Naval Facilities Engineering Command.

(b) Lessee shall provide the following certification when submitting any claim---

(1) exceeding \$100,000; or

(2) Regardless of the amount claimed, when using---

(a) Arbitration conducted pursuant to 5 U.S.C. 575-580; or

(b) Any other alternative mean of dispute resolution (ADR) technique that the agency elects to handle in accordance with the Administrative Dispute Resolution Act (ADRA).

"I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which the Lessee believes the Government is liable; and that I am duly authorized to certify the claim on behalf of the Lessee."

(c) The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.

24.4 The certification may be executed by any person duly authorized to bind the Lessee with respect to the claim.

24.5 For Lessee claims of \$100,000 or less, the Commanding Officer, Southern Division, Naval Facilities Engineering Command, must, if requested in writing by the Lessee, render a decision within 60 days of the request. For Lessee-certified claims over \$100,000, the Commanding Officer, Southern Division, Naval Facilities Engineering Command, must, within 60 days decide the claim or notify the Lessee of the date by which the decision will be made.

24.6 The Commanding Officer, Southern Division, Naval Facilities Engineering Command decision shall be final unless the Lessee appeals or files a suit as provided in the Act.

24.7 At the time a claim by the Lessee is submitted to the Commanding Officer, Southern Division, Naval Facilities Engineering Command, or a claim by the Government is presented to the Lessee, the parties, by mutual consent, may agree to use alternative means of dispute resolution. When using arbitration conducted pursuant to 5 U.S.C. 575-580 or when using any other ADR techniques that the agency elects to handle in accordance with ADRA, any claim, regardless of amount, shall be accompanied by the certification described in Paragraph 24.3(b) of this clause and executed in accordance with Paragraph 24.4 of this clause.

24.8 The Government shall pay interest on the amount found due and unpaid by the Government from (1) the date the Commanding Officer, Southern Division, Naval Facilities Engineering Command received the claim (properly certified if required), or (2) the date payment otherwise would be due, if that, date is later, until the date of payment. With regard to claims having defective certifications, as defined in (FAR) 48 CFR 33.201, interest shall be paid from the date that the Commanding Officer, Southern Division, Naval Facilities Engineering Command initially receives the claim. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury, as provided in the Act, which is applicable to the period during which the Commanding Officer, Southern Division, Naval Facilities Engineering Command receives the claim and then at the rate applicable for each 6 month period as fixed by the Treasury Secretary during the pendency of the claim. Rental amounts due to the Government by the Lessee will have interest and penalties as set out in the condition on RENT, if any.

24.9 The Lessee shall proceed diligently with the performance of the lease, pending final resolution of any request for relief, claim, appeal, or action arising under the lease, and comply with any decision of the Commanding Officer, Southern Division, Naval Facilities Engineering Command.

24.6 The Commanding Officer, Southern Division, Naval Facilities Engineering Command decision shall be final unless the Lessee appeals or files a suit as provided in the Act.

25. COVENANT AGAINST CONTINGENT FEES. Lessee warrants that no person or agency has been employed or retained to solicit or secure this lease upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial agencies maintained by Lessee for the purpose of securing business. For breach or violation of this warranty, Government shall have the right to annul this lease without liability or in its discretion to require Lessee to pay, in addition to the rental or consideration, the full amount of such commission, percentage, brokerage, or contingent fee.

26. OFFICIALS NOT TO BENEFIT. No member of or delegate to Congress, or Resident Commissioner, shall be admitted to any share or part of this lease or to any benefit to arise therefrom, but this provision shall not be construed to extend to this lease if made with a corporation for its general benefit.

27. LIENS. Lessee shall promptly discharge or cause to be discharged valid lien, right in rem, claim, or demand of any kind, except one in favor of Government, which at any time may arise or exist with respect to the leased property or materials or equipment furnished therefor, or any part thereof, and if the same shall not be promptly discharged by Lessee, or should Lessee or any sublessee be declared bankrupt or make an assignment on behalf of creditors, or should the leasehold estate be taken by execution, Government reserves the right to take immediate possession without any liability to Lessee or any sublessee. Lessee and any sublessee shall be responsible for any costs incurred by Government in securing clear title to its property.

28. TAXES. Lessee shall pay to the proper authority, when and as the same become due and payable, all taxes, assessments, and similar charges which, at any time during the term of this lease may be imposed upon Lessee with respect to the Premises. Title 10 United States Code, Section 2667 (e) contains the consent of Congress to the Taxation of Lessee's interest in the Premises, whether or not the Premises are in an area of exclusive Federal jurisdiction. Should Congress consent to taxation of Government's interest in the property, this lease will be renegotiated.

29. SUBJECTION TO EXISTING AND FUTURE EASEMENTS AND RIGHTS-OF-WAY. This lease is subject to all outstanding easements and rights-of-way for location of any type of facility over, across, in, and upon the leased property, or any portion thereof, and to the right of Government to grant such additional easements and rights-of-way over, across, in and upon the leased property as it shall determine to be in the public interest; provided that (i) any such additional easement or right-of-way shall be conditioned on the assumption by the grantee thereof of liability to Lessee for such damages as Lessee shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such easements and rights of way as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair, or replacement of Premises located thereon, and to any Federal, state, or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over the leased property as shall be necessary for the performance of their duties with regard to such Premises.

30. INGRESS - EGRESS & PARKING. Lessee and any sublessees will be granted reasonable access to Premises leased under this agreement. Such access will be coordinated with the local representative of the Government. As a condition, Lessee and any sublessee agrees to adhere to all base rules and regulations regarding Station security, ingress, egress, safety and sanitation as may be prescribed from time to time by the Contracting Officer's local representative. Parking will be coordinated with the Commanding Officer, Southern Division, Naval Facilities Engineering Command.

31. ADMINISTRATION. Except as otherwise provided for under the lease, the local Government representative shall, under the direction of the Commander, Naval Facilities Engineering Command, have complete charge of the administration of this lease, and shall exercise full supervision and general direction thereof insofar as the interests of Government are affected.

32. SURRENDER. Upon the expiration of this lease or its prior termination, Lessee shall quietly and peacefully remove itself and its property from the leased premises and surrender the possession thereof to Government; provided, in the event Government shall terminate this lease upon less than thirty (30) days notice, Lessee shall be allowed a reasonable period of time, as determined by the Local Government Representative, but in no event to be less than 30 days from receipt of notice of termination, in which to remove all of its property from and terminate its operations on the Premises. During such period prior to surrender, all obligations assumed by Lessee under this lease shall remain in full force and effect; provided, however, that if the Local Government representative shall in its sole discretion, determine that such action is equitable under the circumstances, it may suspend, in whole or in part, any further accruals of rent if any or maximum amount to be expended between the date of termination of the lease and the date of final surrender of the Premises. Government may, in its discretion, declare any property which has not been removed from the premises upon termination provided for above, as abandoned property upon an additional 90 days notice.

33. RAIL SERVICES. The Government shall not provide rail service nor maintain trackage to the Lessee's facilities. If the Lessee requires rail service to their facilities, the Lessee shall be responsible for leasing and maintaining all trackage which serves their facilities to a standard which allows safe operation of the rail system. The lessee shall provide their own switching services from the point of rail entry to the complex or acquire rail service to their facilities from the appropriate rail carrier.

34. Due to the potential for high lead levels in drinking water coolers within Building NSC-67 the Lessee and its sublessees shall conduct appropriate sampling and analysis of all water coolers within this structure. Lessee and its sublessees shall conduct any remedial activities necessary to ensure that all water coolers within this structure meet federal, state, and local drinking water requirements prior to usage. Alternatively, Lessee and its sublessees can utilize bottled water within this structure rather than conduct sampling, analysis, and remedial activities. If bottled water is utilized, all water coolers within this structure shall be rendered inoperable.

IN WITNESS WHEREOF, the parties hereto have, on the respective dates set forth below duly executed this lease as of the day and year first above written.

THE UNITED STATES OF AMERICA


Real Estate Contracting Officer

Date: 9/26/96

CHARLESTON NAVAL COMPLEX
REDEVELOPMENT AUTHORITY


CHAIRMAN, CHARLESTON NAVAL COMPLEX
REDEVELOPMENT AUTHORITY

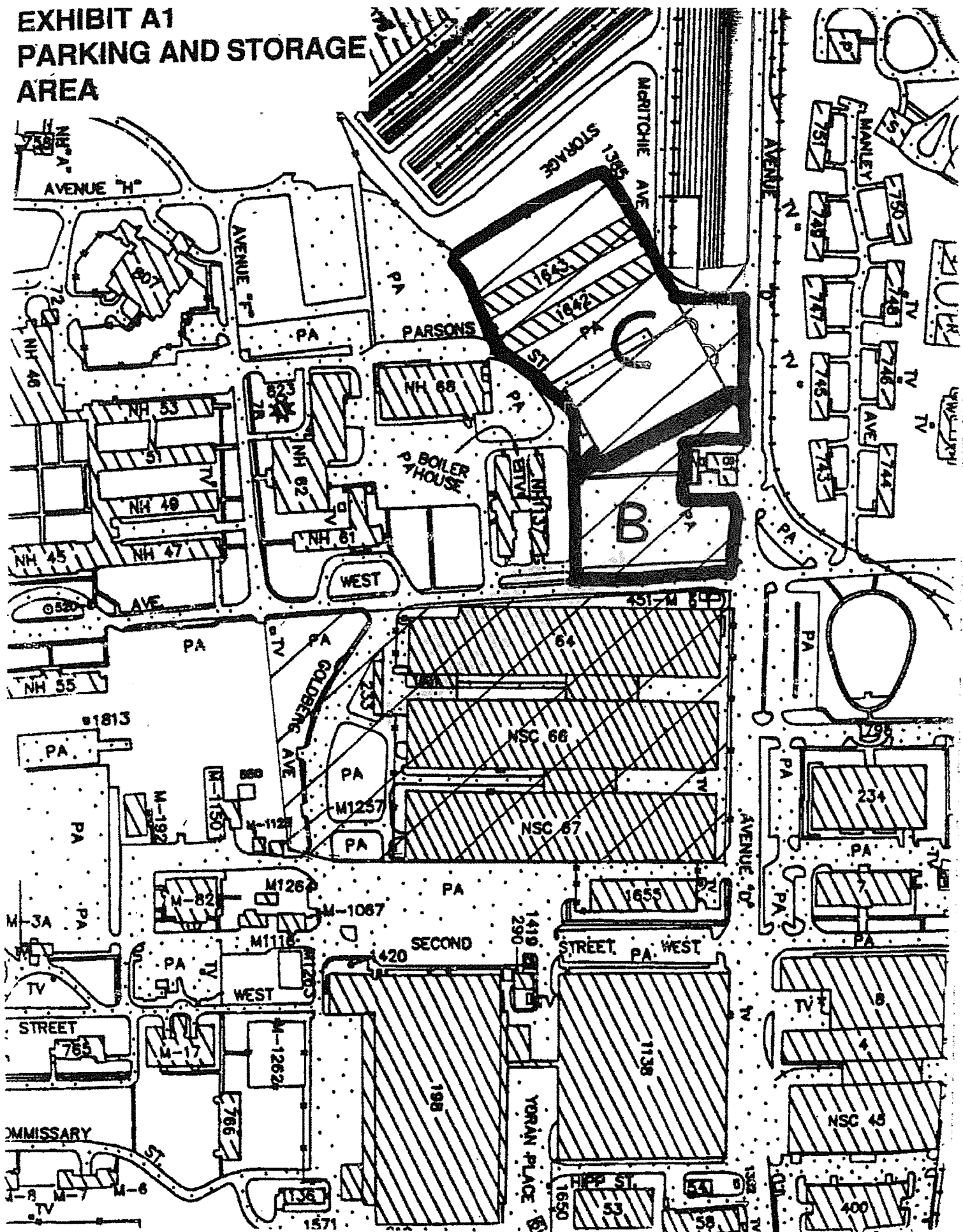
Date: 9/26/96


SECRETARY-TREASURER, CHARLESTON NAVAL
COMPLEX REDEVELOPMENT AUTHORITY

Date: 9/26/96

10

**EXHIBIT A1
PARKING AND STORAGE
AREA**



24 September, 1996

Attachment C
**Joint Walk-Through
Inspection Report
of
Building 64, 66 and 67**

The following inspection report represents the condition of the real property as documented during layaway of the facility to the maintenance level previously agreed upon by the Caretaker Site Office and the Charleston Naval Redevelopment Authority. Layaway of the facility has been completed and accepted by the Caretaker Site Office for Building 64, 66, and 67. The layaway documents are retained at the Caretaker Site Office and reflect the current condition of the facility. An inventory listing of personal property is also attached. It is agreed upon that the Defense Reutilization and Marketing Office (DRMO) will be notified and given an opportunity to remove the remaining personal property. Furthermore, if DRMO elects to remove the remaining personal property, removal shall be completed by 9 October 1996. If DRMO does not want same, the remaining personal property shall become the property of the tenant and may be disposed of as the tenant deems appropriate. It is mutually agreed and understood that this list may not be 100% accurate due to human error in inventory and computer input but represents the inventory as established at this time. The following are additional comments noted during the inspection:

1. Any cranes to be remove for the convenience of the tenant shall be dismantled and stored on the premises.
2. Existing metal cutting saw in building 66 will remain.
3. Roof leaks exist in the rear of building 67.

The information and findings presented herein are recorded for protection of both the Navy and the Charleston Redevelopment Authority. Existing conditions so noted do not render the facility unsuitable for its intended purpose nor render the premises unsuitable for leasing.

Caretaker Site
Office Representative

(signature)

John A. Cordray, Jr.
(printed name)

Facilities Engineer
Southern Division Naval
Facilities Engineering Command
Charleston, SC

(title)

9-24-96
(date)

Charleston Naval Complex
Redevelopment Authority Representative

(signature)

Robert Ryan
(printed name)

Director of Economic Development
(title)

09/24/96
(date)

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MINOR PROPERTY INVENTORY - BLDG 67

DESCRIPTION	MANUFACTURER	QTY	REMARKS
METAL TRASH CAN, SMALL		10	
3-SEAT BENCH		1	
TABLE W/ ATTACHED BENCH & CHAIRS		2	
2' X 4' DESK, METAL		1	
SWIVEL CHAIR		3	
STATIONARY CHAIR		3	
FILE CABINET, 4-DRAWER		1	
MICROWAVE OVEN	LITTON MENUMASTER	1	
6' STANDING LOCKER		1	
1' X 2' METAL SHELF		1	
3' X 2' X 7' SHELVES		2	
2' X 2' WOOD TABLE		1	
3' X 6' WOOD DESK		1	
2' X 4' WOOD DESK		1	
2' X 8' WOOD WORKBENCH		1	
MINI REFRIDGERATOR	ABSOCOLD	1	
GREEN SOFA		1	
3' X 2' WOOD LECTURN		1	

**FINDING OF SUITABILITY TO LEASE
110-BUILDING PARCEL
NAVAL BASE, CHARLESTON, S.C.**

I have reviewed the Environmental Baseline Survey for Lease (EBSL) prepared to facilitate the interim leasing of the below described 110 buildings or structures at the Naval Base, Charleston to the Charleston Naval Complex Redevelopment Authority (CNCRA). I have also reviewed those portions of the Reuse Plan for the Charleston Naval Complex which are pertinent to the planned reuse of these buildings and their associated realty (hereinafter subject property). Based upon these reviews and in reliance upon the specific findings contained in the EBSL, I have determined that the subject property is presently suitable for leasing to the CNCRA for those general purposes previously utilized by the Navy and that such reuse would be in conformance with said Reuse Plan. A list of these buildings and facilities is shown below.

Subject Buildings and Facilities		
Building Number	Building Use	Usage Restrictions
A	Quarters A, Commander Naval Base (Flag)	a
X2N	General Warehouse	a
M3A	Marine Maintenance Shop	a
7	Comptroller Department	a, b, d
12A	Training Building (Temporary)	a, e
12B	Training Building (Temporary)	a, e
NS-16	Administrative Office	a, e
39A	Ballast/Sludge Storage Tank, 741,000 Gallon	a
39D	Ballast/Sludge Storage Tank, 741,000 Gallon	a
39L	Diesel Tank, 6,500-gallon	a
39M	Diesel Pump House	a
42	Fleet Motor Pool	a
NH-45	Administrative Office (Commander Naval Base Headquarters)	a, c, d
NH-46	Administrative Office	a, b, d
NH-47	Administrative Office/Maintenance Shop	a, d
NH-48	Administrative Office	a, c
NH-49	Administrative Office (Navy Hospital)	a
NH-50	Administrative Office	a, c, d
NH-51	Administrative Office	a, c, d
NH-52	Resident Officer In Charge Of Construction	a

Subject Buildings and Facilities		
Building Number	Building Use	Usage Restrictions
NH-53	Administrative Office (Naval Investigative Service)	a
NH-54	Administration Office (Operations/Communications)	a
X56	Ammunition Storage	a, b, e
64	Warehouse	a, b
NSC-66	Warehouse	a, b
NSC-67	Warehouse	a, b, d
81	Fire Station No. 2	a, d
M82	Naval Station Security	a, b
86	Cooper River Center	a, c, e
89	Exchange Maintenance Shop	a, d
94	Substation	a
98	Fuel Oil Booster Pumphouse	a, b, d
122	Grounds Maintenance	a
133	Operational Storage	a, b
141	Union Office and Police Department Storage	a
148	Stripper Concrete Tank	a, b
172	Operational Storage	a
183	Flagpole (for Building 654)	a
184	Outdoor Swimming Pool (Cooper River Center)	a, e
186	Fire Station No. 1	a
M192	Security Training Building	a, b
193	Cold Storage Warehouse/Laboratory	a, d, e
199	Training Building (Cochrane Hall)	a, c, d
214	Filter House for Facility 184	a, e
220	Golf Pro Shop/Snack Bar	a, e
224	SERVMART	a, b, d, e
225	Navy Lodge	a
229	Bathhouse (Cooper River Center)	a, e
232	Training Aids Storage and Administration	a
233	Battery Charging Facility	a, b
240	Carwash Facility	a, b
242	Automobile Maintenance Building	a, b

Subject Buildings and Facilities		
Building Number	Building Use	Usage Restrictions
245	Fire Station Support Building	a
373	Radio Tower	a
451L	Switching Station	a
451M	Switching Station	a
654	Personnel Support Detachment/Naval Station Billeting	a
658	Barracks, Marine Security Detachment	a
663	Antenna Field (Abandoned)	a, e
671	Dog Kennel	a, e
1101	Garage for Quarters "A"	a
1143	Special Services Center	a, c
1167	Exchange Warehouse	a
1172	Ships Outfitting, Clothing Storage and Fleet Purchasing	a, d
1175	Shop Stores and Grounds Maintenance	a
1179	Chapel	a, c
1189	Fire Prevention & Inspection Division/Laundry	a, b
1193	Office	a, d
1221	Recreational Building	a, e
1263	Naval Exchange Storage	a
1265	Security Detective Office	a
1345	Cochrane Field Restrooms	a
1346	Service Station/Minimart	a, b
1489	Picnic Shelter	a
1490	Restroom	a
1501	Warehouse	a
1503	Warehouse	a, d
1504	Warehouse	a
1505	Warehouse (Housing Storage)	a
1507	Warehouse	a
1509	Storage	a, c
1631	Vehicle Storage Shed	a
1653	Fuel Testing Laboratory	a, b
1654	Accounting Building	a, b

Subject Buildings and Facilities		
Building Number	Building Use	Usage Restrictions
1724	Picnic Shelter	a
1725	Picnic Shelter	a
1768	Sewer Pumping Station No. 8	a, e
1779	Playground	a
1794	Picnic Shelter	a, e
1814	Flammable Storage Shelter	a, b, e
1830	Picnic Shelter	a
1873	Flagpole (for Building NS-46)	a
1887	General Storage (Bachelor Enlisted Quarters)	a, b
1888	Indoor Pistol Range	a, b
1889	Supply Storage (Naval Station)	a, b
1893	Bachelor Enlisted Quarters Warehouse	a, b
1896	Bachelor Enlisted Quarters Storage	a, b
1897	Bachelor Enlisted Quarters Storage	a, b
1902	Sentry House, Gate 2	a
1984	Pistol Range Classroom	a, d
3900E	Diesel Oil Tank, 2,350,000 Gallon	a, b
3900F	Diesel Oil Tank, 2,350,000 Gallon	a, b
3900I	Diesel Oil Pumphouse/Laboratory	a, b, d
3901A	Ballast/Sludge Storage Tank, 103,194 Gallon	a, b
3901B	Sludge Pumphouse	a, b
3915	Lubricant Storage Tank, 1,008,000 Gallon	a, b, e
3916	Diesel Oil Tank, 4,200,000 Gallon	a, b
3917	Diesel Oil Tank, 4,200,000 Gallon	a, b
3926	Ballast Water Treatment Facility	a, b
—	Long-Term Privately Owned Vehicle Storage	a

Past usage of the subject property has involved a variety of activities, including fuel storage and transfer, general material storage, administration, training, security, food preparation, commercial activities, and various industrial and non-industrial support functions. Research of the available aerial photographs adequately demonstrates that prior land use at the subject properties primarily involved some industrial activities. A description of the history and usage of each building is included in Section 3.0 of the attached EBSL. Prior to initial

development of the subject properties by the Navy, the properties were largely undeveloped: a municipal park was located on the northern portion of the subject parcels.

A review of all available records and aerial photographs, personnel interviews and physical site conducted between 9 January 1996 and 31 January 1996 revealed the presence or likely presence of such substances and/or products on subject property and/or adjacent property(ies) which could migrate onto subject property. All reasonably ascertainable information as to the type, quantity and dates of storage, release and/or disposal of such substances and/or products has been included in Section 5 of the EBSL which supports this suitability determination. Notwithstanding the discovered presence or likely presence of such substances or products, I am satisfied that subject property can be used for its intended purpose with acceptable risk to human health and the environment and without interference with the environmental restoration process ongoing at the Charleston Naval Base with appropriate utilization of the attached lease restrictions. In light of the discovered presence and/or likely presence of such hazardous substances and/or petroleum products on subject properties, any lease agreement(s) with the CNCRA shall provide that the federal government will indemnify and hold the CNCRA harmless from future financial liability which might result from the presence of such contamination on subject properties to the extent authorized by Section 330 of P.L. 102-484.

The Charleston Naval Base currently operates under a Resource Conservation and Recovery Act (RCRA) hazardous waste management permit. A RCRA Facility Investigation (RFI) intended to identify the nature and extent of soil and/or groundwater contamination throughout the facility is presently ongoing. These environmental restoration activities are being conducted pursuant to applicable RCRA regulations. No Federal Facility Agreements or Interagency Agreements (FFAs/IAGs) pertain to this facility or these activities. Because as of the date of execution of this FOSL, investigative activities are still ongoing with regard to subject property, the Navy will provide notice to the CNCRA as Lessee of any newly discovered hazardous substance and/or petroleum product contamination found on the leased premises as a result of these efforts. The attached lease restrictions will ensure that the Navy, U.S. EPA and SCDHEC representatives or their agents will have the right to enter the leased premises to conduct all necessary investigations and surveys, including, where necessary, drilling, soil and water sampling, and other activities related to ensuring compliance with the Naval Base's RCRA permit.

Restrictions on the usage of several buildings are incorporated in the lease due to various environmental issues. These include the presence of RCRA units which require future investigation, the presence of friable asbestos, excessive lead levels in building water coolers, the presence of wetland areas, etc. The specific usage restrictions are shown below. The previous building list table provides a summary of these restrictions as they apply to each building or facility, with the letter designation shown below correlating with those shown in the table.

- a. Buildings/facilities with a potential for subsurface contamination, such that no digging, dredging, excavating, or other surficial disturbances can be conducted without

Government approval. Lease Restriction 15 states, in part, that "[l]essee shall not conduct or permit its sublessees to conduct, any subsurface excavation, digging, drilling or other disturbance of the surface without prior written approval of the Government." Additionally, Lease Restriction 16 states that "[l]essee shall not conduct or permit its sublessees to conduct any dredging of submerged materials along any waterfront areas without prior written approval of the Government."

b. Buildings/facilities with ongoing RCRA investigations associated with Areas of Concerns (AOCs) and/or Solid Waste Management Units (SWMUs). Lease Restriction 15 states that "[l]essee shall not conduct or permit its sublessees to conduct, any subsurface excavation, digging, drilling or other disturbance of the surface without prior written approval of the Government." Additionally, Lease Restriction 16 states that "[l]essee shall not conduct or permit its sublessees to conduct any dredging of submerged materials along any waterfront areas without prior written approval of the Government."

c. Buildings/facilities with limited access rooms or spaces due to the presence of friable asbestos. Lease Restriction 18 states that "[d]ue to the presence of friable asbestos within Buildings NH-45, NH-48, NH-50, NH-51, 86, 199, 1143, 1179, and 1509, the lessee and its sublessees shall not enter the rooms or spaces of these buildings which are labelled indicating that they contain friable asbestos until all said friable asbestos has been properly abated by the Navy. Should the lessee or its sublessees need to enter such space(s) prior to completion of abatement activities, all personnel entering such spaces shall be asbestos-trained and shall wear proper personal protective equipment at all times."

d. Buildings/facilities with high-lead concentrations in water coolers, requiring further investigation/remediation or the use of bottled water. Water coolers are available for reuse; however, lessees are responsible for the health of their people. Lease Restriction 17 states that "[d]ue to the potential for high lead levels in drinking water coolers within Buildings NH-45, NH-46, NH-47, NH-50, NH-51, NSC-67, 81, 89, 98, 193, 199, 224, 1172, 1193, 1503, and 3900I, the lessee and its sublessees shall conduct appropriate sampling and analysis of all water coolers within these structures. Lessee and its sublessees shall conduct any remedial activities necessary to ensure that all water coolers within these structures meet federal, state, and local drinking water requirements prior to usage. Alternatively, lessee and its sublessees can utilize bottled water within these structures rather than conduct sampling, analysis, and remedial activities. If bottled water is utilized, all water coolers within these structures shall be rendered inoperable."

e. Buildings/facilities where wetland areas have been identified in past surveys, requiring evaluation prior to any land disturbances or further development. Lease Restriction 19 states that "[d]ue to the prior identification of wetland areas at Buildings or Facilities 12A, 12B, NS-16, X-56, 86, 184, 193, 214, 220, 224, 229, 663, 671, 1221, 1768, 1794, 1814 and 3915, lessee shall not conduct or permit its sublessees to conduct, any subsurface excavation, digging, drilling, land development activities, or other

disturbance of the surface associated with these buildings or facilities other than those in accordance with federal, state, and local wetland protection laws and regulations."

Several RCRA SWMUs and AOCs are located on the Naval Base property adjacent to subject property. These sites are described in Table ES-3 and in Section 6.0 of the attached EBSL. Because these sites may present a potential for contaminant migration onto subject property, the Lessee will be restricted via the attached lease restrictions from either conducting or permitting any sublessee to conduct any subsurface excavation, digging, drilling or other disturbance of the surface without prior written approval from the Navy.

In accordance with the requirements of the National Environmental Policy Act of 1970 (NEPA), a Final Environmental Impact Statement has been prepared for disposal and reuse of the entire Naval Base with the required Record of Decision (RoD) expected to be issued in April 1996. The subject buildings and facilities were constructed for a variety of activities, including ship repair and maintenance, ship berthing, administration, security, food preparation, and various industrial and non-industrial support functions. The proposed interim reuse will not present any substantial change in usage. Therefore, it has been determined that such reuse qualifies for a categorical exclusion and no additional NEPA documentation is required to facilitate execution of the contemplated interim lease agreement.

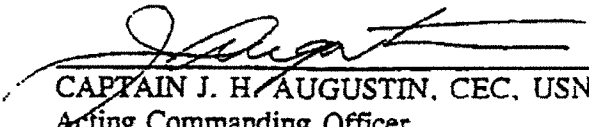
Because it is anticipated that the interim leasing of subject property will extend beyond the date established for operational closure of the Charleston Naval Base, prior to execution of any lease agreement with the CNCRA for such property, formal notification of the proposed duration of such lease along with a description of the uses that will be permitted must by law be provided to the U.S. Environmental Protection Agency (EPA) and South Carolina Department of Health and Environmental Control (SCDHEC).

In accordance with Section 120(h)(5) of the Comprehensive Environmental Response Compensation and Liability Act of 1980 (as amended by the Superfund Amendments and Reauthorization Act of 1986 and the Community Environmental Response Facilitation Act of 1992), the United States Environmental Protection Agency and the South Carolina Department of Health and Environmental Control (SCDHEC) have been advised of the proposed lease of subject property and copies of the Environmental Baseline Survey have been provided to these agencies for review. Comments received were either incorporated directly into the final EBSL or are presently listed as unresolved comments as reflected in Section 7.0 of that document. In accordance with DoD/EPA FOSL policy, this FOSL and attached lease restrictions as well as the final EBSL for the subject property will be made part of any lease to be entered into with the CNCRA and copies of the same will be provided to the CNCRA as well as the appropriate U.S. EPA and SCDHEC representatives after execution of the same.

NOW THEREFORE, based on the information contained herein and subject to the application of the aforementioned lease restrictions, the subject buildings and facilities are suitable to lease.

4/25/96

Date


CAPTAIN J. H. AUGUSTIN, CEC, USN
Acting Commanding Officer
Southern Division
Naval Facilities Engineering Command
Charleston, South Carolina

LEASE RESTRICTIONS
Attachment to the Finding of Suitability to Lease
110-Building Lease Parcel
Naval Base, Charleston

The following restrictions as a minimum shall be included in the lease for the subject buildings and facilities to ensure protection of human health and the environment and prevent interruption of the environmental restoration process being conducted by the Navy.

1. The sole purpose for which the leased premises and any improvements thereon may be used, in the absence of prior written approval by the Government, for any other use, is for the same functions as previously conducted by the Navy, including, but not limited to, fuel storage and transfer, general material storage, administration, training, security, food preparation, commercial activities, and related support functions.
2. Lessee shall neither transfer nor assign this lease or any interest therein or any property on the leased premises without prior Government approval. Lessee may sublet the leased premises or any part thereof or any property thereon, or grant any interest, privilege, or license whatsoever in connection with this lease with the prior written consent of the Government. Any interim use and occupancy of the leased premises in each and every instance are subject to the prior approval of the Government. Such consent shall not be unreasonably withheld or delayed. Every sublease shall contain the Environmental Protection provisions set forth herein.
3. Lessee and any sublessee shall comply with the applicable environmental laws and regulations and all other Federal, state, and local laws, regulations, and standards that are or may become applicable to Lessee's activities on the leased premises.
4. Lessee and any sublessee shall be solely responsible for obtaining at its cost and expense any environmental permits required for its operation under the lease, independent of any existing permits.
5. Government's rights under this lease specifically include the right for Government officials to inspect upon reasonable notice the leased premises for compliance with environmental, safety, and occupational health laws and regulations, whether or not Government is responsible for enforcing them. Such inspections are without prejudice to the right of duly constituted enforcement officials to make such inspections.
6. Government shall be allowed access to the premises for any purposes upon notice to the Lessee. All necessary keys to the buildings and facilities occupied by Lessee or any sublessee shall be made available to Government on request. Government normally will give Lessee or any sublessee 24 hour prior notice of its intention to enter the leased premises unless it determines the entry is required for safety, environmental, operations or security purposes. Lessee shall have no claim on account of any entries against the United States or any officer, agent, employee, or contractor.

7. The Lessee agrees that the Government assumes no liability to the Lessee or its sublessees should hazardous waste cleanup requirements, whether imposed by law, regulatory agencies, or Department of Defense (DoD) or Navy, interfere with the Lessee's use of the leased premises. The Lessee shall have no claim on account of any such interference against the Government or any officer, agent, employee, or contractor thereof.

8. The Navy, U.S. Environmental Protection Agency (EPA), and South Carolina Department of Health and Environmental Control (DHEC) and their officers, agents, employees, contractors, and subcontractors have the right, upon reasonable notice to the Lessee and any sublessee, to enter upon the leased premises for the purposes enumerated below and for such other purposes associated with environmental restoration activities in or around the leased premises:

(a) To conduct investigations and surveys, including, where necessary, drilling, testpitting, soil and water sampling, borings, and other activities related to the Naval Base, Charleston, Restoration Program or Resource Conservation and Recovery Act (RCRA), as amended, Corrective Action Program. These environmental restoration activities are being conducted under RCRA authority; no Federal Facility Agreements or Interagency Agreements pertain to this facility.

(b) To inspect field activities of the Navy and its contractors and subcontractors in implementing these programs.

(c) To conduct any test or survey required by EPA or DHEC relating to the implementation of these programs or environmental conditions at the leased premises or to verify any data submitted to the EPA or DHEC by the Navy relating to such conditions.

(d) To construct, operate, maintain, undertake any response or remedial action as required or necessary including, but not limited to, monitoring wells, pumping wells, and treatment facilities.

9. Lessee agrees to comply with the provisions of any health and safety plan in effect during the course of any of the described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action will, to the extent practicable, be coordinated with representatives designated by Lessee and any sublessee. Lessee, any sublessees, or licensees shall have no claim on account of such entries against the United States or any officer, agent, employee, contractor, or subcontractor thereof. In addition, Lessee shall comply with all applicable Federal, state, and local occupational safety and health regulations.

10. Lessee agrees that in the event of assignment or sublease of the leased premises, it shall provide to the EPA and DHEC by certified mail a copy of the agreement or sublease of the leased premises within fourteen (14) days after the effective date of such transaction. Lessee may delete the financial terms and any other proprietary information from the copy of any agreement of assignment or sublease furnished pursuant to this condition.

11. The lessee shall strictly adhere to the hazardous waste permit requirements under the Resource Conservation and Recovery Act (RCRA) and the State of South Carolina equivalent and any other applicable laws, rules or regulations. Except as specifically authorized by the Government in writing, the Lessee must provide at its own expense such hazardous waste management facilities, complying with all laws and regulations, as it may need for such management. Government hazardous waste management facilities will not be available to the Lessee. Any violation of the requirements of this condition shall be deemed a material breach of this Lease.
12. DoD Component accumulation points for hazardous and other wastes will not be used by the Lessee or any sublessee. Neither will the Lessee or sublessee permit its hazardous wastes to be commingled with hazardous waste of the DoD Component.
13. The Lessee shall have a Government-approved plan for responding to hazardous waste, fuel, and other chemical spills prior to commencement of operations at the leased facilities. Such plan shall be independent of Naval Base, Charleston, South Carolina, and, except for initial fire response and/or spill containment, shall not rely on use of installation personnel or equipment. Should the Government provide any personnel or equipment, whether for initial fire response and/or spill containment, or otherwise on request of the Lessee, or because the Lessee was not, in the opinion of said officer, conducting timely cleanup actions, the Lessee agrees to reimburse the Government for its cost.
14. The Lessee shall not construct or make or permit its sublessees to construct or make any substantial alterations, additions, or improvements to or installations upon or otherwise modify or alter the leased premises in any way which may adversely affect the cleanup, human health, or the environment without prior written consent of the Government. Such consent may include a requirement to provide the Government with a performance and payment bond satisfactory to it in all respects and other requirements deemed necessary to protect the interests of the Government. For construction of alterations, additions, modifications, improvements or installations (collectively "work") in the proximity of the operable units that are part of a National Priorities List (NPL) Site, such consent may include a requirement for a written approval by the Government's Remedial Project Manager. Except as such written approval shall expressly provide otherwise, all such approved alterations, additions, modifications, improvements, and installations shall become Government property when annexed to the leased premises.
15. Lessee shall not conduct or permit its sublessees to conduct, any subsurface excavation, digging, drilling or other disturbance of the surface without prior written approval of the Government. Lessee agrees to notify the Government immediately should foreign substances (debris, hazardous waste, petroleum products, etc.) of any kind be unearthed while engaging in such excavation activities.
16. Lessee shall not conduct or permit its sublessees to conduct any dredging of submerged materials along any waterfront areas without prior written approval of the Government.

17. Due to the potential for high lead levels in drinking water coolers within Buildings NH-45, NH-46, NH-47, NH-50, NH-51, NSC-67, 81, 89, 98, 193, 199, 224, 1172, 1193, 1503, and 3900I, the lessee and its sublessees shall conduct appropriate sampling and analysis of all water coolers within these structures. Lessee and its sublessees shall conduct any remedial activities necessary to ensure that all water coolers within these structures meet federal, state, and local drinking water requirements prior to usage. Alternatively, lessee and its sublessees can utilize bottled water within these structures rather than conduct sampling, analysis, and remedial activities. If bottled water is utilized, all water coolers within these structures shall be rendered inoperable.

18. Due to the presence of friable asbestos within Buildings NH-45, NH-48, NH-50, NH-51, 86, 199, 1143, 1179, and 1509, the lessee and its sublessees shall not enter the rooms or spaces of these buildings which are labelled indicating that they contain friable asbestos until all said friable asbestos has been properly abated by the Navy. Should the lessee or its sublessees need to enter such space(s) prior to completion of abatement activities, all personnel entering such spaces shall be asbestos-trained and shall wear proper personal protective equipment at all times.

19. Due to the prior identification of wetland areas at Buildings or Facilities 12A, 12B, NS-16, X-56, 86, 184, 193, 214, 220, 224, 229, 663, 671, 1221, 1768, 1794, 1814 and 3915, lessee shall not conduct or permit its sublessees to conduct, any subsurface excavation, digging, drilling, land development activities, or other disturbance of the surface associated with these buildings or facilities other than those in accordance with federal, state, and local wetland protection laws and regulations and in accordance with Lease Restrictions 15 and 16.

All correspondence in connection
with this contract should include
reference to N62467-96-RP-00243

SUBLEASE
BETWEEN
CHARLESTON NAVAL COMPLEX REDEVELOPMENT AUTHORITY
AND
CHARLESTON MARINE CONTAINERS INC.

THIS SUBLEASE, made this 26th day of September, 1996, by and between CHARLESTON NAVAL COMPLEX REDEVELOPMENT AUTHORITY, hereinafter called the "Authority" and CHARLESTON MARINE CONTAINERS INC., hereinafter called "Lessee";

WITNESSETH:

WHEREAS, the United States of America, acting by and through the Department of the Navy, hereinafter called the "Government", has declared facilities excess at the Naval Base, Charleston, South Carolina, and Lessee has immediate need to use the facilities described in Exhibits A and A-1 hereto (the "Premises"); and

WHEREAS, such surplus property may be leased to State or local governments pending final disposition of such property pursuant to the provisions of Public Law 94-107, 10 U.S.C. 2667(f);

WHEREAS, the Authority is a public body, corporate and politic, created and organized under Chapter 12 of Title 31, Code of Laws of South Carolina, 1976, as amended, with the power to acquire and dispose of Federal Military Installations;

WHEREAS, Government and the Authority have entered into such a lease (the "Primary Lease"), dated as of 9/26, 1996; and

WHEREAS, the Authority has determined that upon securing the Primary Lease for the Premises it will further the purposes and objectives of the Authority to sublease such properties to the Lessee; and

NOW, THEREFORE, in consideration of One (\$1.00) Dollar each paid to the other, the receipt of which is acknowledged and in further consideration of the terms, covenants, and conditions hereinafter set forth, the Authority and Lessee hereby agree as follows:

1. Agreement to Enter Into Lease. The Authority and Lessee agree that the Authority shall sublease, demise and rent the Premises to Lessee and the Lessee shall hire and rent the Premises from the Authority upon the terms and conditions set forth herein.

2. Contingencies. This Sublease is contingent upon the execution of the Primary Lease which is in turn contingent upon issuance by Government of a Finding of Suitability to Lease ("FOSL"). This Sublease is also contingent on Lessee securing all necessary permits for Lessee to operate at full capacity. The parties acknowledge that a FOSL has not yet been obtained for Parcel C as marked on Exhibit A-1 hereof. The parties further agree that this Sublease is expressly made contingent upon : (a) the issuance of a FOSL for Parcel C as marked on Exhibit A-1 on or before November 30, 1996 and (b) Lessee's receiving at all times rail service from Parcel B sufficient for operation of the Premises.

3. Incorporation of Primary Lease by Reference. The Primary Lease is attached hereto as Exhibit B and incorporated in this Sublease by reference. This Sublease shall be subject to the terms and conditions of the Primary Lease and shall terminate immediately upon the termination or earlier expiration of the Primary Lease.

4. Lessee Acquisition and Assumption of Benefits and Liability. Upon issuance of a FOSL, the Lessee shall be deemed to have acquired and assumed all of the benefits and obligations of the Authority under the Primary Lease upon the terms and conditions of the Primary Lease, except as otherwise provided herein. The Authority acknowledges that it has obtained certain rights and benefits under the Primary Lease, including, but not limited to, indemnification by the Government (specifically including, without limitation, Paragraph 13.14 of the Primary Lease), representations and warranties by the Government (specifically including, without limitation, Paragraph 13.5 of the Primary Lease) and the right to rely on certain environmental studies and reports conducted by the Government and referred to in the Primary Lease. The Authority hereby expressly affirms its intention that Lessee benefit as fully from the Authority's rights and benefits under the Primary Lease as if Lessee were a party thereto and a direct recipient of such rights and benefits thereunder. The Lessee, however, shall not be deemed to have acquired the obligation to pay the "common services charge" provided in Paragraph 3.3 COMMON SERVICES of the Primary Lease.

In the event that the Lessee's use of the parking and storage areas of the Premises should be limited due to environmental or other remediation work, the Authority shall place at Lessee's disposal sufficient alternative parking and storage areas adjacent to or nearby the Premises at no additional cost to Lessee.

5. Rent. Lessee shall pay to Authority at its address stated herein monthly rent of [REDACTED] which shall be due on first of each month during the term of this Sublease beginning on October 1, 1999 without delay, reduction or setoff and without need for any notice.

6. Term. The term of this Sublease shall be for twenty-five years and shall run concurrent with the term of the Primary Lease.

7. Quiet Enjoyment. If and so long as Lessee pays the rental due under this Sublease and performs all of its obligations under the Sublease, Lessee shall enjoy the Premises subject to the terms of the Primary Lease and of this Sublease, and Authority shall warrant and defend Lessee in the enjoyment and use of the Premises throughout the term of this Sublease against the claims of Authority and anyone claiming by, through or under Authority.

8. Duty to Operate. The agreement of Lessee to conduct operations on the Premises continuously during the term of this Sublease is a material inducement to Authority to enter into this Sublease. In order to induce Authority to enter into this Sublease, Lessee agrees to make a diligent and good faith effort to commence operations on the Premises as soon as reasonably possible after the execution of this Sublease and thereafter diligently to prosecute operations on the Premises in accord with good, sound business practices. Authority acknowledges and agrees that there will be some unknown period of delay in beginning initial operations. Authority further acknowledges and agrees that Lessee has no obligation to operate the Premises at 100% capacity. Lessee acknowledges and agrees that it will not "stock pile" the Premises, but agrees to make a diligent and good faith effort to conduct operations on the Premises so as to enhance redevelopment of the former Charleston Naval Base and to provide jobs for residents of the surrounding areas. Authority agrees to expend its good faith and diligent efforts to assure routine police and fire protection from local jurisdictions but without any guarantee that such can be provided.

9. Restatement of Lease. If title to the Premises is conveyed to the Authority, this Sublease shall continue in full force and effect as a lease between Authority (as landlord) and Lessee (as tenant) or, if Authority and Lessee agree, this Sublease may be amended and restated.

10. Assignment and Subletting. Lessee shall not assign or sublease its interest in the Premises or any portion thereof without the prior written consent of Authority, which consent may be withheld by Authority in its sole discretion, except when such assignment or sublease is to an affiliate of Lessee. "Affiliate" as used in the paragraph shall mean any parent, wholly-owned subsidiary or sister corporation of Lessee; any entity into or with which Lessee is merged; and any entity with respect to which at least fifty (50%) percent of the equity interest is owned directly by Lessee in its own name.

11. Indemnification of Authority. Lessee shall be responsible for, and shall indemnify and hold harmless Authority against and from, any and all liability or claim of liability (including but not limited to reasonable attorneys fees and costs) arising out of (i) Lessee's use, occupancy, conduct, operation or management of the Premises during the term of this Sublease; (ii) any work or thing whatsoever done or not done by Lessee on the Premises during the term of this Sublease; (iii) and breach or default by the Lessee in performing any of its obligations under the provisions of this Sublease, the Primary Lease or applicable law; (iv) any negligent, intentionally tortious or other act or omission of the Lessee or any of its agents, contractors, servants, employees, subtenants, licensees or invitees during the term of this Sublease; and (v) any injury to or death of any person or damage to any property occurring on the Premises during the term of this Sublease caused by any act or omission of the Lessee or any of its agents, contractors, servants, employees, subtenants, licensees or invitees during the term of this Sublease. Authority will give Lessee notice of any claim against Authority that is covered by this indemnity as soon after learning of it as practicable. The provisions of this paragraph shall survive the expiration or other termination of this sublease.

12. Alterations to Premises. Lessee shall make no alterations or additions to the Premises without the prior written consent of Authority, which consent Authority will not unreasonably withhold. Upon termination of this Sublease, Lessee shall promptly remove unapproved alterations and additions to the Premises and personal property and trade fixtures of Lessee and any third person and Lessee shall repair any damages to the Premises resulting from such removal.

13. Utilities. Lessee acknowledges and agrees that obtaining of utilities (including but not limited to electricity, water, gas, sewer, telephone and trash removal) is and shall be the responsibility of Lessee and that Authority has no responsibility to provide any utilities. It is understood that meters will be provided by Lessee to measure that usage of electricity, water and gas.

14. Right of Entry. Authority and its agents shall be entitled to enter the Premises at any time during normal business hours (i) to inspect the Premises, (ii) to make any alteration, improvement or repair to the Premises, or (iii) for any other purpose relating to the operation, maintenance, redevelopment or marketing of the Premises or of the Charleston Naval Complex. In an emergency situation, Authority and its agents may enter the Premises at any time.

15. Default.

(a) Each of the following events shall constitute an "Event of Default" under this Sublease:

(1) If Lessee fails to pay any rent without offset or deduction when and as due and payable hereunder and without demand therefor, or if Lessee fails to perform any of its obligations, covenants or agreements under this Sublease or under the Primary Lease as and when such performance is due and without demand therefor.

(2) If Lessee shall abandon the Premises or any portion thereof for a period of thirty (30) consecutive days.

(3) If Lessee applies for or consents to the appointment of a receiver, trustee or liquidator of Lessee or of all or a substantial part of its assets; if Lessee files a voluntary petition in bankruptcy or admits in writing its inability to pay its debts as they become due or makes an assignment for the benefit of its creditors or files a petition or an answer seeking a reorganization or other arrangement with creditors or seeks to take advantage of any bankruptcy or insolvency law or performs any other act of bankruptcy or files an answer admitting the material allegations of a petition against Lessee in any bankruptcy, reorganization or insolvency proceeding.

(4) If Lessee is adjudicated as a bankrupt or an insolvent or if there is filed a petition seeking reorganization or appointment of a receiver, trustee, or liquidator of Lessee or of all or a substantial part of its assets or if there is otherwise commenced against Lessee or any of its assets any proceeding under any bankruptcy, reorganization, arrangement, insolvency, readjustment, receivership or similar law and if any such proceeding continues unstayed for more than sixty (60) consecutive days.

(b) Upon the occurrence of an Event of Default which shall continue for thirty (30) days after written notice, Authority may exercise any right provided at law or in equity or in this Sublease including, but not limited to (1) reenter and repossess any or all of the Premises; and/or (2) declare the entire balance of the rent due hereunder for the remainder of the term to be immediately due and payable and to collect such balance in any manner not inconsistent with applicable law; and/or (3) terminate this Sublease by giving written notice of such termination to Lessee, which termination shall be effective as of the date of such notice or any later date therefor specified by the Authority therein; and/or (4) relet any or all of the Premises with or without any additional premises, for any or all of the remainder of the term of this Sublease or for a period exceeding such remainder, and on such terms and subject to such conditions as are acceptable to the Authority in its sole and absolute discretion and collect and receive the rents therefor, and Lessee shall have no right in or to any surplus which may be derived by Authority from any such reletting; provided, however, Lessee's liability hereunder shall not be diminished or affected by any failure to relet or the giving or any concessions or "free rent" or reduced rent periods in the event of any such reletting; and/or (5) cure such Event of Default in any other manner; and/or (6) pursue any combination of such remedies and/or any other right or remedy available to the Authority on account of such Event of Default under this Sublease and/or at law or in equity.

(c) No expiration or termination of this Sublease shall relieve Lessee of any of its liabilities and obligations under this Sublease, and Lessee shall remain liable to Authority for all damages resulting from any Event of Default. Without limiting the generality of the foregoing, upon any termination Lessee shall be responsible to Authority to the full extent allowed or provided at law for any and all obligations arising prior to such termination and Lessee shall also be responsible to Authority for any rent or other monetary obligations which would have become due under this Sublease but for such termination.

(d) Upon the occurrence of an Event of Default, Lessee shall immediately reimburse Authority for all reasonable expenses incurred by Authority in curing or seeking to cure any Event of Default and/or in exercising or seeking to exercise any of the Authority's rights and remedies under the provisions of this Sublease and/or at law or in equity, and/or otherwise arising out of any Event of Default (including but not limited to reasonable attorney fees and costs).

16. Notices. Any notice permitted or required to be given pursuant to this Sublease shall be deemed to have been given if in writing and deposited in the United States Mail, Certified Mail, Return Receipt Requested, and addressed as follows:

If to Authority:

Chairman, Charleston Naval Complex
Redevelopment Authority
1690 Turnbull Avenue
Suite NH-47
Charleston, S.C. 29408-1955

With copy to:

William J. Bates, Esquire
Young, Clement, Rivers & Tisdale, LLP
28 Broad Street
Charleston, S.C. 29401

If to Lessee:

Charleston Marine Containers Inc.
1601 Oceanic Street
Charleston, S.C. 29405
Attn: President

With copy to:

Sea Containers America Inc.
1155 Avenue of the Americas
New York, N.Y. 10036
Attn: Counsel

or to such other persons or addresses as either party may direct by like notice.

17. Governmental Approvals. This Sublease shall be of no force or effect until it shall have been approved by Government and by State of South Carolina acting through the South Carolina Budget and Control Board through the Office of General Services.

18. Amendment. This Sublease may be amended only by an instrument in writing executed and delivered by each party hereto.

19. Waiver. The Authority shall not be deemed to have waived the exercise of any right which it holds hereunder unless such waiver is made expressly and in writing (and no delay or omission by the Authority in exercising any such right shall be deemed a waiver of its future exercise). No such waiver made as to any instance involving the exercise of any such right shall be deemed a waiver as to any other such instance, or any other such right. Without limiting the generality of the foregoing, no action taken or not taken by the Authority under the provisions of this Section or any other provision of this Sublease (including by way of example rather than of limitation, the Authority's acceptance of the payment of Rent after the occurrence of any Event of Default) shall operate as a waiver of any right to be paid a late charge or of any other right or remedy which the Authority would otherwise have against the Lessee on account of such Event of Default under the provisions of this Sublease or applicable law (the Lessee hereby acknowledging that, in the interest of maintenance of good relations between the Authority and the Lessee, there may be instances in which the Authority chooses not immediately to exercise some or all of its rights on the occurrence of an Event of Default).

20. Title. Authority gives no warranty as to the state of title, nor as to the physical condition of the Premises or any improvements thereon, all of which are leased "as-is." Lessee is relying entirely on its own, separate, inspection of the Premises which Lessee acknowledges it has had ample opportunity to make; provided, however Authority shall provide to Lessee copies of all environmental and other studies in its possession and control relating to the state of the Premises; provided, further, Authority shall make a good faith effort to obtain approval for delivery to Lessee of any such environmental and other studies which may come into Authority's possession.

21. Severability. No determination by any court, governmental body or otherwise that any provision of this Sublease or any amendment hereof is invalid or unenforceable in any instance shall affect the validity or enforceability of (a) any other such provision, or (b) such provision in any circumstance not controlled by such determination. Each provision shall be valid and enforceable to the fullest extent allowed by, and shall be construed wherever possible as being consistent with, applicable law.

22. Compliance with Primary Lease. Lessee acknowledges that Lessee is a sublessee of the Premises and, as such, is subject to the terms and provisions of the Primary Lease. Lessee agrees to keep and to abide by each and every of the covenants and conditions of the Primary Lease, as the same may be applicable to Lessee as a sublessee; and Lessee agrees to take no action in violation of any provision of the Primary Lease. Lessee acknowledges receipt of a copy of the Primary Lease, a copy of which is attached hereto as Exhibit B and incorporated herein by reference.

23. Insurance. Lessee shall provide insurance as required by the Primary Lease and in addition, shall provide evidence satisfactory to the Authority of the obtaining and maintaining throughout the term of this Sublease of such insurance with an endorsement to all such insurance naming the Authority as an additional insured as its interest may appear.

24. Certain Retained Rights. Notwithstanding any provision herein to the contrary, Authority retains the rights to terminate the Primary Lease pursuant to the provisions of Section 14.2.1 and 14.2.2 of the Primary Lease.

25. Jury Trial Waiver. In the event of any litigation between the parties, all parties agree to, and do hereby, waive the right to a jury trial.

26. Acceptance of Fee Ownership. If the Authority is tendered fee ownership of the Premises, it will accept such ownership including the payment of consideration, if any. Authority agrees that it will submit an Economic Development Conveyance Application (EDCA) within three (3) years of the date of execution of the Primary Lease requesting fee ownership of the Premises.

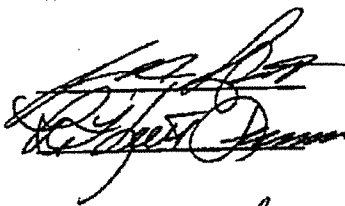
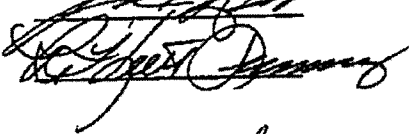
27. Specific Performance and Right to Cure. The parties agree that the Authority's purchase of the Premises from the Government forms the basis for this Sublease and that the Authority's failure to accept fee ownership of the Premises would irreparably harm Lessee. The parties further agree that, in the event of the Authority's failure to accept fee ownership of the Premises, remedies at law would be inadequate and that the Lessee, in the place and stead of any other remedies at law or in equity and as its sole and exclusive remedy upon the occurrence of such event, shall be entitled to the equitable remedy of specific performance to compel the Authority to accept the Premises when fee ownership of the same is tendered or offered to it, regardless of the amount of consideration required, if any. In addition to the specific performance provided for in the preceding sentence, the parties further agree that the Authority shall promptly notify Lessee of any receipt of notice of breach of the Primary Lease and of any and all steps taken or intended to be taken by the Authority to remedy such breach or breaches, and in cases other than Authority's failure to accept fee ownership of the Premises as provided in the preceding sentence that Lessee, in its sole discretion, may give the Authority notice and remedy such breach or breaches at Authority's sole cost if both (a) the breach or breaches is with respect to an obligation for which Authority is responsible and (b) the Authority fails to remedy such breach or breaches within the time prescribed by said Primary Lease.

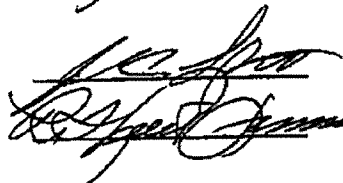
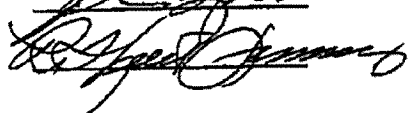
28. Approvals. In order to expedite the approval of Lessee's plans as required under the Primary Lease and this Sublease, the United States Navy and the Authority shall be deemed to have approved Lessee's plans attached hereto and made a part hereof at such time as they shall approve this Sublease. The parties expressly agree that approval of this Sublease includes approval of the Lessee's plans attached hereto and made a part hereof and thereby Lessee shall be deemed to have obtained the approvals required under the Primary Lease and this Sublease.

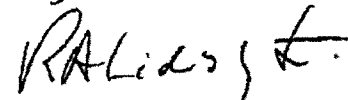
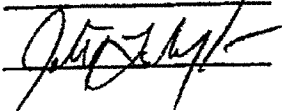
29. Minimal Intrusion. In the event that the Navy, the Authority, the EPA, or DHEC, shall enter the Premises for purposes of conducting environmental remediation of any nature, and in particular as may be required under Paragraphs 13.4 and 13.6 of the Primary Lease, the Authority shall use its good faith efforts to cause such parties to consult with Lessee to determine the scope of entry, enter the Premises in the least intrusive and disruptive manner possible, and take all necessary steps to minimize interruption of Lessee's use of the Premises.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals on the day and year first above.

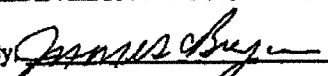
WITNESS:

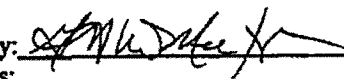




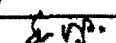
CHARLESTON NAVAL COMPLEX
REDEVELOPMENT AUTHORITY

By: 
Its: _____

-and-

By: 
Its: _____

CHARLESTON MARINE CONTAINERS INC.

By: 
Its:  _____

Approval by State of South Carolina

On this ____ day of _____, 1996, South Carolina Budget and Control Board, Office of General Services, approves the attached Sublease between Charleston Naval Complex Redevelopment Authority, the Sublessor, and Charleston Marine Containers Inc., as Lessee, dated the ____ day of _____, 1996.

SOUTH CAROLINA BUDGET AND
CONTROL BOARD
OFFICE OF GENERAL SERVICES

By: _____
Title: _____
Date: _____

Approval by The United States of America

Pursuant to applicable provisions of the Lease dated 9/26 1996 between The United States of America, as "Government," and Charleston Naval Complex Redevelopment Authority, as "Lessee", the undersigned approves the attached Sublease between Charleston Naval Complex Redevelopment Authority, as Sublessor, and Charleston Marine Containers Inc., as Lessee, dated the 26 day of September, 1996, and the Exhibits, attached thereto and made a part thereof.

THE UNITED STATES OF AMERICA

BY: [Signature]

Title: Real Estate

Contracting Officer

Date: 9/26/96

EXHIBITS

EXHIBITS A & A1

Description of Leased Premises

EXHIBIT B

Copy of Executed Primary Lease

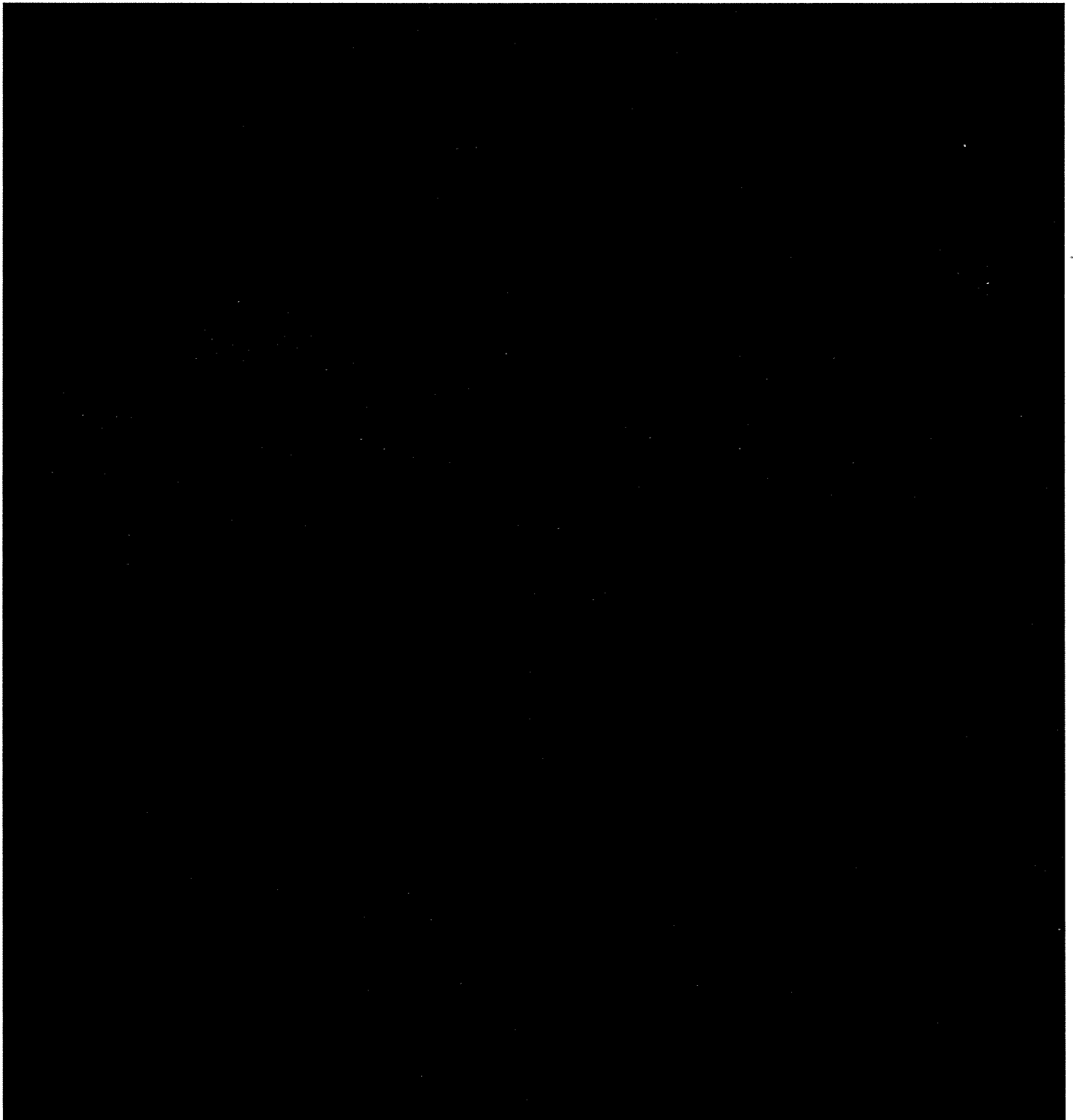
EXHIBIT C

Copy of Lessee's Business Plan and Renovation Plans

*EXHIBITS A & A1
EXHIBIT B
EXHIBIT C*

EXHIBIT C

Lessee's Business Plan and Renovation Plans



AMENDMENT NUMBER 1
TO
LEASE N62467-96-RP-00243
BETWEEN
THE UNITED STATES OF AMERICA
AND
CHARLESTON NAVAL COMPLEX REDEVELOPMENT AUTHORITY

Lease Number N62467-96-RP-00243, between the United States of America, acting and through the Department of the Navy, and the Charleston Naval Complex Redevelopment Authority, dated 26 September 1996, which allows the use of Buildings 64, NSC-66, and NSC-67 together with all improvements, at the Charleston Naval Complex, North Charleston, South Carolina, is amended effective 16 June 1997 as follows:

1. To add to paragraph 1, the use of Buildings 1642 and 1643, and associated land, as shown on the attached drawing marked Exhibit "A-1", attached hereto and by reference made a part hereof.
2. To make attached Exhibit "B-1" a part of the Lease, and to change that portion of Paragraph 1, Line 5, that reads "Exhibit B", to read, "Exhibits B and B-1".
3. Due to the dates of construction for subject building, building materials, including but not limited to, pipe insulation, boiler insulation, floor tiles, ceiling tiles, and fireproofing (if present) may contain non-friable asbestos. Therefore, prior to any renovation or demolition of this building, or activities which may potentially disturb these materials, Lessee and its sublessees shall comply with all federal, state, and local requirements concerning the handling and disposal of asbestos-containing materials. All asbestos survey, inspection, or abatement procedures or plans shall be approved in advance by the Government. The Government will be supplied copies of all final reports, monitoring results, analytical data, and submittals associated with such survey, inspection, or abatement activities.
4. All other terms and conditions of the Lease remain unchanged.

In witness whereof, the parties hereto have, on the respective dates set forth below duly executed this Amendment 1 of the Lease as of the date below written.

THE UNITED STATES OF AMERICA


EARL G. BAHAM

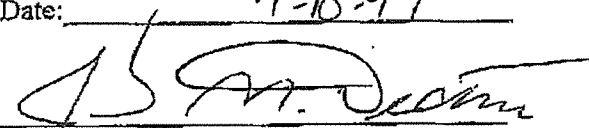
REAL ESTATE CONTRACTING OFFICER

Date: 7/15/97

CHARLESTON NAVAL COMPLEX
REDEVELOPMENT AUTHORITY


CHAIRMAN, CHARLESTON NAVAL COMPLEX
REDEVELOPMENT AUTHORITY

Date: 7-10-97


SECRETARY-TREASURER, CHARLESTON NAVAL
COMPLEX REDEVELOPMENT AUTHORITY

Date: 7-10-97

APPROVED
DATE 7-10-97

Approval by The State of South Carolina

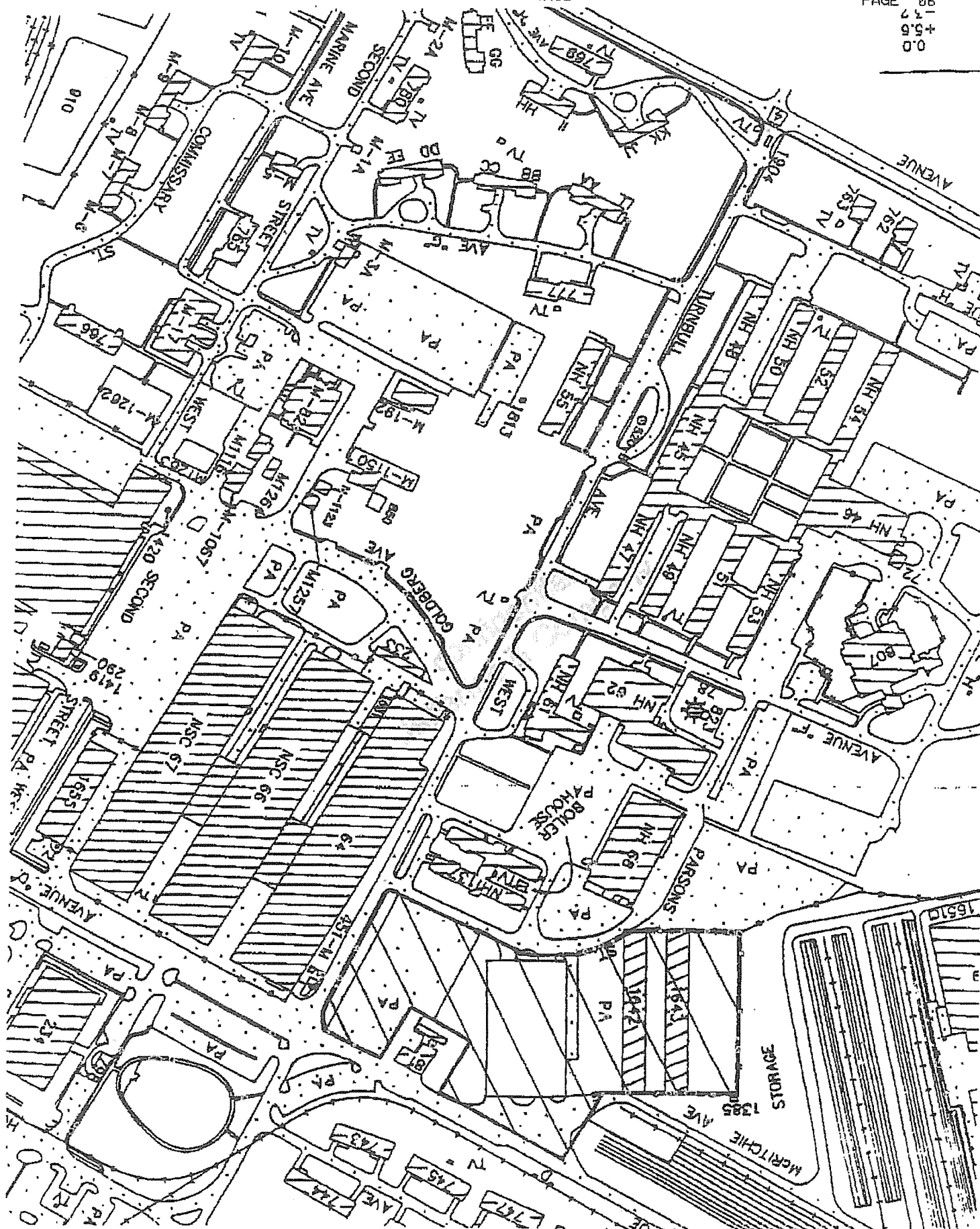
On this 22nd day of July, 1997, South Carolina Budget and Control Board, Office of General Services, approves the attached Amendment #1 to Lease #N62467-96-RP-00243 Between The United States of America, The Lessor, and Charleston Naval Complex Redevelopment Authority, as Lessee, dated the 16th day of June 1997.

SOUTH CAROLINA BUDGET
AND CONTROL BOARD
OFFICE OF GENERAL SERVICES

By: Alton T. Loftis

Title: Manager, Appraisal Unit

Date: 7/22/97



FINDING OF SUITABILITY TO LEASE 231-BUILDING PARCEL NAVAL BASE, CHARLESTON, S.C.

I have reviewed the Environmental Baseline Survey for Lease (EBSL) prepared to facilitate the interim leasing of the below described 231 buildings or structures at the Naval Base, Charleston to the Charleston Naval Complex Redevelopment Authority (CNCRA). I have also reviewed those portions of the Reuse Plan for the Charleston Naval Complex which are pertinent to the planned reuse of these buildings and their associated realty (hereinafter subject property). Based upon these reviews and in reliance upon the specific findings contained in the EBSL, I have determined that the subject property is presently suitable for leasing to the CNCRA for those general purposes previously utilized by the Navy and that such reuse would be in conformance with said Reuse Plan. A list of these buildings and facilities is shown below.

Subject Buildings and Facilities		
Building Number	Building Use	Use of Building
B	Quarters	a,c,f,g
C	Quarters	a,c,f,g
CC-AB	Quarters	a
D	Quarters	a,c,f,g
EE-DD	Quarters	a
F	Quarters	a,f,g
G	Quarters	a,f,g
GG-FF	Quarters	a
HH-HH	Quarters	a
J	Quarters	a,f,g
K	Quarters	a,f,g
KK-JJ	Quarters	a
L	Quarters	a,f,g
LL-AA	Quarters	a
M	Quarters	a,f,g
N	Quarters	a,f,g
O	Quarters	a,f,g
P	Quarters	a,f,g
Q	Quarters	a,f,g
R	Quarters	a,f,g

Subject Buildings and Facilities		
Building Number	Building Use	Usage Restrictions
S	Quarters	a,f,g
T	Quarters	a,f,g
W-X	Quarters	a
Y-Z	Quarters	a
M1A	Garage	a
NS-1	Administration Building	a,d
M2A	Garage	a
NS-3	Fuel Pump House	a
4	Administrative Offices, Engineering, Nuclear Engineering, and IRM	a,c
M5	Quarters	a
M6	Quarters	a
M7	Quarters	a
M8	Quarters	a
M9	Quarters	a
X10	General Warehouse	a,b,d
X11	Public Works Maintenance Shop	a
X12	Maintenance Shop	a,b
14	Small Craft Ready Fuel Storage (Not in Use)	a,b
NS-19	Covered Storage	a,c
20	Administration/Training Building	a
NH-21	Geotechnical Laboratory	a,b
X-25	Fleet Laundromat (Temporary)	a
31	Storage for Power Plant	a
NS-31	Disciplinary & Transient Personnel Barracks	a,c
32	Central Power Plant	a,b,c,d
NS-32	Transient Personnel Barracks	a,c
33	Enlisted Men's Barracks	a,c
34	Enlisted Men's Barracks	a,c
35	Welding School and Welding Engineering	a,b,c
NS-35	Enlisted Men's Barracks	a
36	Enlisted Men's Barracks	a,d
37	Enlisted Men's Barracks	a,d

Subject Buildings and Facilities		
Building Number	Building Use	Usage Restrictions
NSC 38	Diesel Oil Pumphouse (Abandoned)	a,b
NSC 45	Warehouse	a,d
NH-65	Legal Service Office	a,b
NS-65	Flagpole	a
X55	Ammunition Storage	a,b
52	Dispensary, Industrial Medicine and Radiation Health	a,b
NS-59	Outdoor Swimming Pool	a
NS-79	Dispensary	a,d
NS-80	Dispensary Supply Storage	a
NS-91	Antenna System (Abandoned)	a
135	Operational Storage	a,d
161	Inert Storage, Supervisor of Shipbuilding, Conversion, and Repair	a,b,d
169	Flammable Storehouse	a,b,d
173	Operational Storage	a
191	Controlled Humidity Warehouse	a
208	Employee Orientation Center	a
215	Bath House for Indoor Pool	a
227	Employee Services Association	a
234	Engineering Management Building	a,b,d
246	Hazardous Waste Storage and Transit Facility	a,b
313	313/332 Pier (B)	a
321	Supply Pier (Alpha)	a,c
334	Concrete Ramp	a
342	Substation	a,b
358	Paint Wing Affixed to Building 177	a
382	Weapons Display	a
419	Recreational Storage	a
520A	Flagpole (Quarters "A")	a
520B	Flagpole	a
520C	Flagpole	a
536	Weighing Facility	a
547	Open Storage (Steel Plate)	a

Subject Buildings and Facilities		
Building Number	Building Use	Usage Restrictions
		a,b,c
560	Coal Storage Yard	a
638	Bath House	a
639	Swimming Pool	a
640	Steamers	a
641	Warehouse/Administrative	a
648	Recreational Storage (Former Brig)	a,d
650	Post Office	a
661	Communications Center	a,e
662	Antenna Field (Abandoned)	a,b,d
676	Dental Clinic	a,b
678	Administrative Building	a
683	Floating Pier For NS Marina	a
686	Operational Trainer Facility	a
687	Antenna Repair Shop	a
700	Quarters	a
701	Quarters	a
705	Quarters	a
706	Quarters	a
708	Quarters	a
712	Quarters	a
716	Deep Well	a
717	Quarters	a
718	Quarters	a
719	Quarters	a,g
768-NHA	Quarters	a,g
769-NHB	Quarters	a,c,g
769-NHD	Quarters	a,c,g
761-NHC	Quarters	a,b,g
762-NHI	Quarters	a,g
763-NHH	Quarters	a
807	Child Development Center	a,b
810	MWR Recycle Center	

Subject Buildings and Facilities		
Building Number	Building Use	Usage Restrictions
		a
824	Storage Shed	a
850	Volleyball/Basketball Court	a
851	Gas/Diesel Pumping Station	a,b
903	Storage Building	a,b
904	Canteen No. 8 (Trailer)	a
1001	Cylinder/POL Storage Shed	a
M1067	Storehouse	a
1078	Open Storage	a,b
1079	Hazardous Flammable Storage	a
M1116	General Warehouse	a,b
M1123	Storehouse and Boiler Room	a,d
1127	Preservation Shop and Bulk Storage	a,c,d
NH-1137	Administrative Office	a
1138	2nd Level Warehouse	a,b,d
1141	Security Office	a,c
M1150	Counseling and Assistance Center	a
1177	Fire Station No. 3	a
1197	Quartermaster	a
1228	Shop Repair Storage	a
1248	Storage	a
M1257	General Warehouse	a
M1264	Racquetball Court	a
1269	Storage	a
1284	Garage, Quarters "B"	a
1285	Garage, Quarters "C"	a
1287	Garage, Quarters "D"	a
1289	Garage, Quarters "J" and Storage	a
1295	Steam Condensate Storage Tank	a
1311	Pump Test Tank	a
1312	Pump Test Tank	a
1323	Former Bus Shelter	a
1378	Pure Water Tank Storage Slab	a

Subject Buildings and Facilities		
Building Number	Building Use	Usage Restrictions
1385	Field Office	a
1394	Pure Water Facility - Tanks	a
1410	Golf Course	a,b,e
1411	Tennis Courts	a
1413	Heating Plant	a
1414	Garage, Quarters 761	a
1418	Detached Garage for Quarters 760	a
1427	Garage, Quarters "F"	a
1431	Small Equipment Storage Shed	a
1447	Bath House for Structure No. N559	a
1448	Filter House for Structure No. N559	a
1450	Sand Hoppers	a,s
1455	Footbridge	a
1494	Tool Storage (Brig)	a
1502	Warehouse	a
1512	Flagpole	a
1513	Storage Building (Rubber Lined)	a
1514	1,500-gpm Pumping Station	a,b
1504	Warehouse	a,d
1505	Warehouse (Refrigerated Processing)	a,d
1508	Warehouse	a
1507	Warehouse	a
1512	Open Storage	a
1513	Open Storage	a
1514	Open Storage	a
1522	Warehouse	a,d
1523	Warehouse	a
1527	Sales Facility	a,b
1529	Removable Storage Shelter	a
1530	Bus Shelter	a
1533	Valve House	a
1534	Shelter For Band Saw	a

Subject Buildings and Facilities		
Building Number	Building Use	Usage Restrictions
1635	Field Office	a
1640	Conferring Storage Facility	a,b,d
1642	Automobile Storage	a
1643	Automobile Storage	a
1646	Golf Course Warehouse	a,b
1649	Storage Shed	a
1651	2,500-gpm Pumping Station	a
1652	Sentry House	a
1700	Sentry House	a
1706	Small Boat Ramp	a
1708	Generator Building	a
1718	Septic Tank and Drain Field (Abandoned)	a
1719	Special Service Equipment Storage Building	a
1720	Police Locker Room	a
1738	Bus Shelter	d
1741	Bus Shelter	a
1743	Bus Shelter	a
1749	Maintenance Equipment Storage Shed	a,d
1755	Administration/Ready Storage	a
1780	Contaminated Storage	a,b
1785	Basketball Court	a
1790	Tennis Courts	a
1791	Storage Shed	a
1798	Regula at Building 234	a
1805	Analyzer Station	a
1813	Flammable Storage	a,b
1816	Storage	a
1817	Storage	a
1831	Hazardous/Flammable Storage	a
1838	General Storage	a
1839	Sentry House (Bng)	a
1840	Burial Building (Naval Dental Clinic Storage)	a,c

Subject Buildings and Facilities		
Building Number	Building Use	Usage Restrictions
		S.C.
1841	Buier Building (Naval Dental Clinic Storage)	a
1845	Ball Field	a
1846	Ball Field	a
1847	Running Track	a
1869	Obstacle Course	a
1876	Flagpole	a
1884	Steel Shop	a
1891	Bachelor's Enlisted Quarters' Maintenance	a
1898	Bachelor's Enlisted Quarters' Storage	a
1901	Sentry House - Gate 1	a
1903	Sentry House - Gate 3	a
1904	Sentry House - Gate 4	a
1905	Sentry House - Gate 5	a
1906	Sentry House-Truck Inspection	a
1920	Visitor Information Sign -- Reynolds Gate	a
1981	Service Station Sign	a
1982	Information Sign -- Sterrett Hall	a
1983	Entrance Sign Viaduct Gate	a
- - -	Dead House	

Past usage of the subject property has involved a variety of activities, including administration, housing, training, security, food preparation, commercial and recreational activities, fuel storage and transfer, general and hazardous material storage, and various other industrial and non-industrial fleet support activities. Research of the available aerial photographs adequately demonstrates that prior land use at the subject properties primarily involved some industrial activities. A description of the history and usage of each building is included in Section 3.0 of the attached EBSL. Prior to initial development of the subject properties by the Navy, the properties were largely undeveloped; a municipal park was located on the northern portion of the subject parcels.

A review of all available records and aerial photographs, personnel interviews and physical site inspection conducted between 1 June 1996 and 5 August 1996 revealed the presence or likely presence of certain hazardous substances and/or petroleum products or their derivatives on subject property or on adjacent property(ies) which could potentially migrate onto subject property. All reasonably ascertainable information as to the type, quantity and dates of storage,

release and/or disposal of such substances and/or products has been included in Section 5.0 of the EBSL which supports this suitability determination. Notwithstanding the discovered presence or likely presence of such substances or products, I am satisfied that subject property can be used for its intended purpose with acceptable risk to human health and the environment and without interference with the environmental restoration process ongoing at the Charleston Naval Base with appropriate utilization of the attached lease restrictions. In light of the discovered presence and/or likely presence of such substances and/or products on subject property, any lease agreement(s) with the CNCRA shall provide that the federal government will indemnify and hold the CNCRA harmless from future financial liability which might result from the presence of such contamination to the extent authorized by Section 330 of P.L. 102-484.

The Charleston Naval Base operated under a Resource Conservation and Recovery Act (RCRA) hazardous waste management permit. That permit has since been transferred to SOUTHNAVFACENGCOM. A RCRA Facility Investigation (RFI) intended to identify the nature and extent of soil and/or groundwater contamination throughout the facility is presently ongoing. These environmental restoration activities are being conducted pursuant to applicable RCRA regulations. No Federal Facility Agreements or Interagency Agreements (FFAs/IAGs) pertain to this facility or these activities. Because as of the date of execution of this Finding of Suitability to Lease (FOSL), investigative activities are still ongoing with regard to subject property, the Navy will provide notice to the CNCRA as Lessee of any newly discovered hazardous substances and/or petroleum product contamination found on the leased premises as a result of these efforts. The attached lease restrictions will ensure that the Navy, U.S. Environmental Protection Agency (USEPA) and South Carolina Department of Health and Environmental Control (SCDHEC) representatives or their agents will have the right to enter the leased premises to conduct all necessary investigations and surveys, including, where necessary, drilling, soil and water sampling, and other activities related to ensuring compliance with the RCRA permit.

Restrictions on the usage of certain buildings and associated realty will be incorporated into any lease with the CNCRA due to various environmental concerns. These include the presence of RCRA-regulated units which require further investigation, the presence of friable asbestos, excessive lead levels in certain water coolers, the presence of protected wetland areas, etc. Those specific usage restrictions are summarized below. The above building listing provides a notation of which restrictions apply to each building or facility. The letter designations shown below correlate with those shown in that table.

Restriction a: Buildings/facilities with the potential for subsurface contamination, such that no digging, dredging, excavating, or other surficial disturbances can be conducted without Government approval. The Lease shall provide that Lessee shall not conduct or permit its sublessees to conduct, any subsurface excavation, digging, drilling or other disturbance of the surface without prior written approval of the Government and that Lessee shall not conduct or permit its sublessees to conduct any dredging of submerged materials along any waterfront areas without prior written approval of the Government.

Restriction b: Buildings/facilities with ongoing RCRA investigations associated with previously identified Areas of Concern (AOCs) and/or Solid Waste Management Units (SWMUs). The Lease shall provide that Lessee shall not conduct or permit its sublessees to conduct, any subsurface excavation, digging, drilling or other disturbance of the surface without prior written approval of the Government and that Lessee shall not conduct or permit its sublessees to conduct any dredging of submerged materials along any waterfront areas without prior written approval of the Government.

Restriction c: Buildings/facilities with limited access rooms or spaces due to the presence of friable asbestos. The Lease shall provide that due to the presence of friable asbestos within Buildings B, C, D, 4, NS-19, NS-31, 32, NS-32, 33, 34, 35, 760-NHD, 761-NHC, NH-1137, M1150, 1840, and 1841, Lessee and its sublessees shall not enter the rooms or spaces of these buildings which are labelled indicating that they contain friable asbestos until all said friable asbestos has been properly abated by the Navy, or should Lessee or its sublessees need to enter such space(s), all personnel entering such spaces shall be asbestos-trained and shall wear proper personal protective equipment at all times.

Restriction d: Buildings/facilities with potential high-lead concentrations in any associated water cooler(s) requiring further investigation/remediation or the use of bottled water. Water coolers will be generally available for reuse. However, the Lease shall provide that due to the potential for high lead levels in drinking water coolers within Buildings NS-1, X10, 20, 32, 36, 37, NSC 45, NS-79, 135, 161, 169, 234, 650, 675, 686, 1127, NH-1137, 1141, 1605, 1606, 1623, 1640, and 1749, Lessee and its sublessees shall conduct appropriate sampling and analysis of all water coolers within these structures prior to allowing their use as a drinking water source for building occupants or visitors. Lessee and its sublessees shall also conduct any remedial activities necessary to ensure that all water coolers within these structures meet federal, state, and local drinking water requirements prior to such usage. Alternatively, Lessee and its sublessees can utilize only bottled water within these structures rather than conduct sampling, analysis, and remedial activities. If bottled water is utilized as the source for drinking water, all water coolers within these structures shall be rendered inoperable.

Restriction e: Buildings/facilities where wetland areas have been identified in past surveys, requiring evaluation prior to any land disturbances or further development. The Lease shall provide that due to the prior identification of wetland areas at Buildings 321, 334, 560, 662, 1410, and 1455, Lessee shall not conduct or permit its sublessees to conduct, any subsurface excavation, digging, drilling, land development activities, or other disturbance of the surface associated with these buildings or facilities other than those in accordance with federal, state, and local wetland protection laws and regulations.

Restriction f: Buildings with associated heating oil storage tanks. The Lease shall provide that due to the presence of aged underground heating oil tanks at Buildings B, C, D, F, G, J, K, L, M, N, O, P, Q, R, S, and T, the Lessee shall not utilize any existing heating oil tanks but shall instead either install new tank(s) or alternatively provide other means for interior heating at its own expense.

Restriction g: Buildings containing lead-based paint. Due to the presence of lead-based paint in the interior of housing units B, C, D, F, G, J, K, L, M, N, O, P, Q, R, S, T, 758-NHA, 759-NHB, 760-NHD, 761-NHC, 762-NHL, and 763-NHH, Lessee shall not utilize these facilities for residential occupancy where children under the age of six years old may reside until all lead-based paint in the interior of these units has been properly abated in accordance with applicable laws and regulations.

Additionally, due to the age of all subject buildings, the Lease shall provide notice that pipe insulation, boiler insulation, floor tiles, ceiling tiles, and fireproofing (if present) may contain non-friable asbestos and that, prior to any renovation or demolition of these buildings, or activities which may potentially disturb these materials, Lessee and its sublessees shall comply with all federal, state, and local requirements concerning the handling and disposal of asbestos-containing materials. The Lease will further provide that all asbestos survey, inspection, or abatement procedures or plans shall be approved in advance by the Government and that the Government will be supplied copies of all final reports, monitoring results, analytical data, and submittals associated with such survey, inspection, or abatement activities.

Several RCRA SWMUs and AOCs are located on the Naval Base property adjacent to subject property. These sites are described in Table ES-3 and in Section 6.0 of the attached EBSL. Because these sites may present a potential for contaminant migration onto subject property, Lessee will be restricted via the attached lease restrictions from either conducting or permitting any sublessee to conduct any subsurface excavation, digging, drilling or other disturbance of the surface without prior written approval from the Navy.

In accordance with the requirements of National Environmental Policy Act of 1969 (NEPA), an Environmental Impact Statement (EIS) was prepared in connection with the planned disposal and reuse of the Naval Base. The EIS, which addressed the potential environmental impacts associated with such actions and reasonable alternatives to minimize adverse impacts to the quality of the human environment, was completed on July 24, 1995. The requisite NEPA Record of Decision (RoD), signed on May 7, 1996, set forth the Navy's decision to dispose of the base consistent with the proposed Reuse Plan. The Reuse Plan included a variety of activities such as ship repair and maintenance, recreation, housing, and office, and commercial uses. The proposed interim leasing of base property will present no substantial change from the approved Reuse Plan. Thus, no additional NEPA documentation is required to facilitate execution of the proposed interim lease agreements.

Because the interim leasing of subject property will extend beyond the date set for operational closure of the Charleston Naval Base, consistent with Section 120(h)(5) of the Comprehensive Environmental Response Compensation and Liability Act of 1980 (as amended

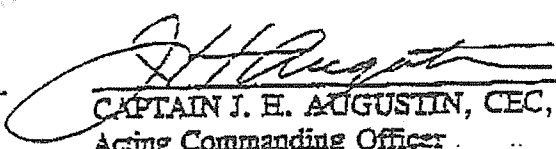
by the Superfund Amendments and Reauthorization Act of 1986 and the Community Environmental Response Facilitation Act of 1992), prior to execution of any lease agreement with the CNCRA for such property, formal notification of the proposed duration of such lease along with a description of the uses to be permitted will be provided to U.S. Environmental Protection Agency and South Carolina Department of Health and Environmental Control representatives via separate correspondence.

In accordance with DoD / EPA FOSL policy, the United States Environmental Protection Agency (EPA) and the South Carolina Department and Environmental Control (SCDHEC) were advised of the proposed lease of subject property and copies of the draft Environmental Baseline Survey (EBS), EBSL, and FOSL were provided to these agencies for their review. All regulatory comments received were either incorporated directly into the final versions of these documents or have been separately addressed via specific responses as reflected in Section 7.0 of the EBSL. The attached lease restrictions as well as the EBS and EBSL for the subject property shall be made part of the lease to be entered into with the CNCRA and copies of the same will be provided to the CNCRA as well as the appropriate EPA and SCDHEC representatives after execution of the same.

NOW THEREFORE, based on the information contained herein and subject to the application of the aforementioned lease restrictions, subject buildings, facilities, and land areas are hereby deemed suitable for interim leasing to the CNCRA.

1/29/97

Date


CAPTAIN J. H. AUGUSTIN, CEC, USN
Acting Commanding Officer
Southern Division
Naval Facilities Engineering Command
Charleston, South Carolina

LEASE RESTRICTIONS
Attachment to the Finding of Suitability to Lease
231-Building Lease Parcel
Naval Base, Charleston

The following restrictions as a minimum shall be included in the lease for the subject buildings and facilities to ensure protection of human health and the environment and prevent interruption of the environmental restoration process being conducted by the Navy.

1. The sole purpose for which the leased premises and any improvements thereon may be used, in the absence of prior written approval by the Government, for any other use, is for the same functions as previously conducted by the Navy, including, but not limited to, fuel storage and transfer, general material storage, administration, training, housing, security, food preparation, commercial activities, and related support functions.

2. Lessee shall neither transfer nor assign this lease or any interest therein or any property on the leased premises without prior Government approval. Lessee may sublet the leased premises or any part thereof or any property thereon, or grant any interest, privilege, or license whatsoever in connection with this lease with the prior written consent of the Government. Any interim use and occupancy of the leased premises in each and every instance are subject to the prior approval of the Government. Such consent shall not be unreasonably withheld or delayed. Every sublease shall contain the Environmental Protection provisions set forth herein.

3. Lessee and any sublessee shall comply with the applicable environmental laws and regulations and all other Federal, state, and local laws, regulations, and standards that are or may become applicable to Lessee's activities on the leased premises.

4. Lessee and any sublessee shall be solely responsible for obtaining at its cost and expense any environmental permits required for its operation under the lease, independent of any existing permits.

5. Government's rights under this lease specifically include the right for Government officials to inspect upon reasonable notice the leased premises for compliance with environmental, safety, and occupational health laws and regulations, whether or not Government is responsible for enforcing them. Such inspections are without prejudice to the right of duly constituted enforcement officials to make such inspections.

6. Government shall be allowed access to the premises for any purposes upon notice to the Lessee. All necessary keys to the buildings and facilities occupied by Lessee or any sublessee shall be made available to Government on request. Government normally will give Lessee or any sublessee 24 hour prior notice of its intention to enter the leased premises unless it determines the entry is required for safety, environmental, operations or security purposes. Lessee shall have no claim on account of any entries against the United States or any officer, agent, employee, or contractor.

7. The Lessee agrees that the Government assumes no liability to the Lessee or its sublessees should hazardous substance or waste cleanup requirements, whether imposed by law, regulatory agencies, or Department of Defense (DoD) or Navy, interfere with the Lessee's use of the leased premises. The Lessee shall have no claim on account of any such interference against the Government or any officer, agent, employee, or contractor thereof.

8. The Navy, U.S. Environmental Protection Agency (EPA), and South Carolina Department of Health and Environmental Control (DHEC) and their officers, agents, employees, contractors, and subcontractors have the right, upon reasonable notice to the Lessee and any sublessee, to enter upon the leased premises for the purposes enumerated below and for such other purposes associated with environmental restoration activities in or around the leased premises:

(a) To conduct investigations and surveys, including, where necessary, drilling, testpitting, soil and water sampling, borings, and other activities related to the Naval Base, Charleston, Restoration Program or Resource Conservation and Recovery Act (RCRA), as amended, Corrective Action Program. These environmental restoration activities are being conducted under RCRA authority; no Federal Facility Agreements or Interagency Agreements pertain to this facility.

(b) To inspect field activities of the Navy and its contractors and subcontractors in implementing these programs.

(c) To conduct any test or survey required by EPA or DHEC relating to the implementation of these programs or environmental conditions at the leased premises or to verify any data submitted to the EPA or DHEC by the Navy relating to such conditions.

(d) To construct, operate, maintain, undertake any response or remedial action as required or necessary including, but not limited to, monitoring wells, pumping wells, and treatment facilities.

9. Lessee agrees to comply with the provisions of any health and safety plan in effect during the course of any of the described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action will, to the extent practicable, be coordinated with representatives designated by Lessee and any sublessee. Lessee, any sublessees, or licensees shall have no claim on account of such entries against the United States or any officer, agent, employee, contractor, or subcontractor thereof. In addition, Lessee shall comply with all applicable Federal, state, and local occupational safety and health regulations.

10. Lessee agrees that in the event of assignment or sublease of the leased premises, it shall provide to the EPA and DHEC by certified mail a copy of the agreement or sublease of the leased premises within fourteen (14) days after the effective date of such transaction. Lessee may delete the financial terms and any other proprietary information from the copy of any agreement of assignment or sublease furnished pursuant to this condition.

11. Lessee shall strictly adhere to the hazardous waste permit requirements under the Resource Conservation and Recovery Act (RCRA) and the State of South Carolina equivalent and any other applicable laws, rules or regulations. Except as specifically authorized by the Government in writing, Lessee must provide at its own expense such hazardous waste management facilities, complying with all laws and regulations, as it may need for such management. Government hazardous waste management facilities will not be available to the Lessee. Any violation of the requirements of this condition shall be deemed a material breach of this Lease.

12. DoD Component accumulation points for hazardous and other wastes will not be used by the Lessee or any sublessee. Neither will the Lessee or sublessee permit its hazardous wastes to be commingled with hazardous waste of the DoD Component.

13. The Lessee shall have a Government-approved plan for responding to hazardous waste, fuel, and other chemical spills prior to commencement of operations at the leased facilities. Such plan shall be independent of Naval Base, Charleston, South Carolina, and, except for initial fire response and/or spill containment, shall not rely on use of installation personnel or equipment. Should the Government provide any personnel or equipment, whether for initial fire response and/or spill containment, or otherwise on request of the Lessee, or because the Lessee was not, in the opinion of said officer, conducting timely cleanup actions, the Lessee agrees to reimburse the Government for its cost.

14. The Lessee shall not construct or make or permit its sublessees to construct or make any substantial alterations, additions, or improvements to or installations upon or otherwise modify or alter the leased premises in any way which may adversely affect the cleanup, human health, or the environment without prior written consent of the Government. Such consent may include a requirement to provide the Government with a performance and payment bond satisfactory to it in all respects and other requirements deemed necessary to protect the interests of the Government. For construction of alterations, additions, modifications, improvements or installations (collectively "work") in the proximity of the operable units that are part of a National Priorities List (NPL) Site, such consent may include a requirement for a written approval by the Government's Remedial Project Manager. Except as such written approval shall expressly provide otherwise, all such approved alterations, additions, modifications, improvements, and installations shall become Government property when annexed to the leased premises.

15. Lessee shall not conduct or permit its sublessees to conduct, any subsurface excavation, digging, drilling or other disturbances of the surface without prior written approval of the Government. Lessee agrees to notify the Government immediately should foreign substances (debris, hazardous waste, petroleum products, etc.) of any kind be unearthed while engaging in such excavation activities.

16. Lessee shall not conduct or permit its sublessees to conduct any dredging of submerged materials along any waterfront areas without prior written approval of the Government.

17. Due to the potential for high lead levels in drinking water coolers within Buildings NS-1, X10, 20, 32, 36, 37, NSC 45, NS-79, 135, 161, 169, 234, 650, 675, 686, 1127, NH-1137, 1141, 1605, 1606, 1623, 1640, and 1749, Lessee and its sublessees shall conduct appropriate sampling and analysis of all water coolers within these structures prior to allowing their use as a drinking water source for building occupants or visitors. Lessee and its sublessees shall also conduct any remedial activities necessary to ensure that all water coolers within these structures meet federal, state, and local drinking water requirements prior to such usage. Alternatively, Lessee and its sublessees can utilize only bottled water within these structures rather than conduct sampling, analysis, and remedial activities. If bottled water is utilized as the source for drinking water, all water coolers within these structures shall be rendered inoperable.

18. Due to the presence of friable asbestos within Buildings B, C, D, 4, NS-19, NS-31, 32, NS-32, 33, 34, 35, 760-NHD, 761-NHC, NH-1137, M1150, 1840, and 1841, Lessee and its sublessees shall not enter the rooms or spaces of these buildings which are labelled indicating that they contain friable asbestos until all said friable asbestos has been properly abated by the Navy, or should Lessee or its sublessees need to enter such space(s), all personnel entering such spaces shall be asbestos-trained and shall wear proper personal protective equipment at all times.

19. Due to the prior identification of wetland areas at Buildings or Facilities 321, 334, 560, 662, 1410, and 1455, Lessee shall not conduct or permit its sublessees to conduct, any subsurface excavation, digging, drilling, land development activities, or other disturbance of the surface associated with these buildings or facilities other than those in accordance with federal, state, and local wetland protection laws and regulations and in accordance with Lease Restrictions 15 and 16.

20. Due to the dates of construction for all subject buildings, building materials, including but not limited to, pipe insulation, boiler insulation, floor tiles, ceiling tiles, and fireproofing (if present) may contain non-friable asbestos. Therefore, prior to any renovation or demolition of these buildings, or activities which may potentially disturb these materials, Lessee and its sublessees shall comply with all federal, state, and local requirements concerning the handling and disposal of asbestos-containing materials. All asbestos survey, inspection, or abatement procedures or plans shall be approved in advance by the Government. The Government will be supplied copies of all final reports, monitoring results, analytical data, and submittals associated with such survey, inspection, or abatement activities.

21. Due to the presence of aged underground heating oil tanks at Buildings B, C, D, F, G, J, K, L, M, N, O, P, Q, R, S, and T, the Lessee shall not utilize any existing heating oil tanks but shall instead either install new tank(s) or alternatively provide other means for interior heating at its own expense.

22. Due to the presence of lead-based paint in the interior of housing units B, C, D, F, G, J, K, L, M, N, O, P, Q, R, S, T, 758-NHA, 759-NHB, 760-NHD, 761-NHC, 762-NHL, and 763-NHH, Lessee shall not utilize these facilities for residential occupancy where children under the age of six years old may reside until all lead-based paint in the interior of these units has been properly abated in accordance with applicable laws and regulations.

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AMENDMENT TO LEASE BETWEEN THE NOISETTE COMPANY, LLC AND CMCI

This Amendment made this 23rd day of September 2003 by and between The Noisette Company, LLC (Noisette) and Charleston Marine Containers, Inc. (CMCI)

WITNESSETH:

WHEREAS, the United States, acting by and through the Department of the Navy leased certain property at the Naval Base, Charleston, South Carolina to the Charleston Naval Complex Redevelopment Authority on September 26, 1996; and

WHEREAS the Charleston Naval Complex Redevelopment Authority and the United States amended the "Lease" on June 16, 1997; and

WHEREAS, the Charleston Naval Complex Redevelopment Authority and CMCI entered into a "Sublease" dated September 26, 1996; and

WHEREAS, the property subject to that Sublease, the "Premises," was described in Exhibits A and A-1 to the "Lease"; and

WHEREAS, the United States conveyed, by Quitclaim Deed, title to this property to the Charleston Naval Complex Redevelopment Authority; and

WHEREAS, the Charleston Naval Complex Redevelopment Authority conveyed this property by Quitclaim Deed to the City of North Charleston, and the City of North Charleston conveyed this property to Noisette Company, which is now the record owner of it and is, by virtue of such ownership, successor to the rights and responsibilities of the Charleston Naval Complex Redevelopment Authority under the Sublease;


WHEREAS, Noisette and CMCI desire to alter and clarify the description of the Premises and desire to amend the Lease, Amendment thereto and Sublease accordingly;

NOW THEREFORE IN CONSIDERATION OF THE TERMS, COVENANTS AND CONDITIONS HEREINAFTER SET FORTH THE LESSOR AND LESSEE HEREBY AGREE AS FOLLOWS.


1. The property subject to the Lease and Sublease are hereby altered and the parties hereby describe the property now under lease by substituting the attached Exhibit A (a survey by Forsberg Engineering dated June 26th, 2003) for the original Exhibit A and Exhibit A-1 to the Sublease as the true, current and proper description of the property now under lease. All other terms and conditions of the aforementioned Sublease shall remain unchanged.

29 IN WITNESS HEREOF, the parties have hereunto set their hands and seals this
day of July, 2003.

The Nolsette Company, LLC

By: 
Its: PRESIDENT/CEO

Charleston Marine Containers, Inc.
(CMCI)

By: 
Its: President

[Faint diagonal stamp: RECEIVED 01/03/2003]

**Charleston Naval Complex
Redevelopment Authority**

1690 Turnbull Avenue, Suite NH-47
Charleston, SC 29405 -1955
(803) 747-0010
Fax (803) 747-0054

July 24, 1997

Charleston Marine Containers, Inc.
1601 Oceanic Street
Charleston, SC 29405
Attn.: President

Re: Amendment No. 1

Dear Sir:

Enclosed please find a fully executed copy of Amendment No. 1 to the Charleston Marine Containers, Inc. primary lease.

Please let us know if you have any questions.

Sincerely,



Michelle Marx
Administrative Assistant

/Enclosures

cc: Sea Containers America, Inc.